

HOUSING

Vol. 20

OCTOBER, 1931

No. 3

PRESIDENT HOOVER'S HOUSING CONGRESS AT WASHINGTON DECEMBER 2-5

President Hoover has recently announced that a vast group of people from all parts of the United States would assemble at Washington, December 2nd to 5th, to discuss the various aspects of housing.

It is expected that as many as 1,000 citizens including official delegates from the 48 States will meet on this occasion to consider the reports of the various groups, who, under the leadership of President Hoover and two members of his Cabinet, Secretary of Commerce Lamont, and Secretary of the Interior Wilbur, have been working for more than a year in formulating reports on what may be termed the "state of the nation" with regard to the more important aspects of the housing problem and with special emphasis on home building and home ownership.

In announcing the dates for these meetings, President Hoover made an interesting pronouncement on the work that has thus far been done, and the basis upon which it has been organized. He said:

I wish to announce that the President's Conference on Home Building and Home Ownership for which preparations have been in progress for something over a year will be held in Washington, Wednesday, December 2nd to Saturday, December 5th, inclusive. About 400 persons have assisted in the preparatory work and 1,000 representative citizens from the 48 states, associated with building and housing activities, are expected to participate in the conference. The conference has been organized under the chairmanship of Secretary Lamont, of the Department of Commerce. Dr. John M. Gries is the Executive Secretary.

I decided a year ago after a conference with interested leaders in various parts of the country to undertake the organization of an adequate investigation and study on a nation-wide scale of the problems presented in home ownership and home building, with the hope of developing the facts and a better understanding of the questions involved and inspiring better organization and the removal of influences that seriously limit the spread of home ownership—both town and country.

A Planning Committee, comprising representatives of some 20 voluntary associations, was created to make the study and set up a national conference for consideration of the data and recommendations of expert committees. The plan is somewhat similar to that of the White House Conference on Child Health and Protection held in Washington in November, 1930. Funds have been provided privately to cover research and other activities of the Committees of the Housing Conference.

Among the associations represented in the Planning Committee are the following:

American Civic Association, American Farm Bureau Federation, American Federation of Labor, American Home Economics Association, American Institute of Architects, Associated General Contractors, Association of Life Insurance Presidents, Better Homes in America, Chamber of Commerce of the United States, General Federation of Women's Clubs, National Association of Builders' Exchanges, National Association of Real Estate Boards, National Congress of Parents and Teachers, National Farmers' Union, National Grange, National Housing Association, Russell Sage Foundation, Savings Bank Division of the American Bankers' Association, United States League of Building and Loan Associations, Women's National Farm and Garden Association.

The Conference in December will be the first of its kind on this scale in the United States. It will deal with the whole question of home construction and ownership, and of the home environment. It will embrace finance, design, equipment, city planning, household management and many other aspects.

Twenty-five (25) committees, headed by men and women of authority and experience in various phases of the question, have been engaged for months in gathering and analyzing available information and in making additional studies and inquiries. Their work is being correlated so that on the basis of the facts a collective judgment may be formulated upon the best contemporary experience of leaders who have special knowledge of the subjects. It, obviously, is not our purpose to set up the Federal Government in the building of homes. But the Conference will, I believe, afford a basis for the development of a sound policy and inspire better voluntary organization to cope with the problem.

Adequate housing goes to the very roots of well-being of the family, and the family is the social unit of the nation. The question involves important aspects of health, morals, education and efficiency. Nothing contributes more to social stability and the happiness of our people than the surroundings of their homes. Although we have a larger proportion of adequate housing than any other country, we have not yet reached our ideal of homes for all our people. It should be possible in our country for any person of sound character and industrious habits to provide himself with adequate and suitable housing and preferably to own his own home.

This principle, I believe, to be sound and controlling at all times. It is unnecessary to point out the beneficial effect which a well-considered nation-wide programme directed to the extension of home building and home ownership in the immediate future would have upon our current unemployment and economic situation. The forthcoming Conference, however, was initiated to deal with the question under a long-range plan. It will be doubly fortunate if it should result not only in a sounder permanent policy, but in some degree of relief of current unemployment and in stimulation of the industries upon which building depends.

The question touches many phases of both public and private activity. One of the important questions is finance. The present depression has given emphasis to the fact that the credit system in home building is not as satisfactorily organized as other branches of credit. Commerce, industry, and to a large extent farm mortgages, all have more effective financial reservoirs. In order to enable the purchase of homes on what amounts to the installment plan, it is necessary to place first and, often enough, second mortgages. The building and loan associations have performed a great service in this field, but they cannot without assistance carry the burden. First mortgages, carried so largely by the savings banks and insurance companies, have been affected by competition with bonds and other forms of investment. Second mortgages are also necessary to many people. In the period of expansion preceding the current depression rates for second mortgages—including commissions, discounts and other charges—rose in many cities to the equivalent of 20% or 25% per annum. This not only stifled home ownership, but led to the loss of many homes through foreclosure. The present depression has been marked by unemployment in the trades involved.

Since a principal object of home construction and home ownership is to provide the best possible environment for the growing child, it is

obvious that the work of the women's committees on home-making and related subjects is a most vital phase of the Conference.

Special attention is being devoted to the problems of farm and village housing.

A committee of representative civic leaders of the Negro race is devoting attention to the problems of Negro housing.

Twenty-five (25) committees have been charged each with the study of a special field within the general problem covered by the Conference. Six (6) correlating committees deal with questions of aim and method common to the 25 committees. These correlating committees concern themselves with standards and objectives, legislation and administration, education and service, organization programmes, local and national and technological developments.

The scope of the conference and the quality of leadership upon which it has drawn is indicated by the list of the committees and their chairmen, which is as follows:

COMMITTEE CHAIRMEN

Types of Dwellings—John Ihlder, Executive Director, Pittsburgh Housing Association, Pittsburgh.

Fundamental Equipment—Prof. Collins P. Bliss, Dean of the College of Engineering, New York University, New York.

Kitchens and Other Work Centers—Miss Abby L. Marlatt, Professor of Home Economics, Dir. of Courses in Home Economics, University of Wisconsin, Madison, Wis.

Utilities for Houses—Morris Knowles, Author of "Industrial Housing", Morris Knowles, Inc., Pittsburgh.

Subdivision Layout—Harland Bartholomew, President, National Conference on City Planning, St. Louis.

Business and Housing—Harry A. Wheeler, Former President of the Chamber of Commerce of the United States, Chicago.

Industrial Decentralization and Housing—Stuart W. Cramer, President-Treas., Cramerton Mills, (Provides homes for employees) Cramerton, N. C.

Blighted Areas and Slums—Abram Garfield, Architect, Member of the (National) Commission of Fine Arts, Cleveland.

Reconditioning, Remodeling and Modernizing—Frederick M. Feiker, Director, Bureau of Foreign & Domestic Commerce, formerly Managing Director Associated Business Papers, Inc., Washington, D. C.

Construction—A. P. Greensfelder, President, Associated General Contractors of America, St. Louis.

Design—William Stanley Parker, President, Architect's Small House Service Bureau, Boston.

City Planning and Zoning—Frederic A. Delano, President, American Civic Association, Chairman, Regional Plan of New York and its Environs, Washington, D. C.

Finance—Frederick H. Ecker, President, Metropolitan Life Insurance Co., New York.

Taxation—Dr. T. S. Adams, Professor, Political Economy, Yale University, and Economic Advisor, U. S. Treasury Dept. since 1917, New Haven.

Home Ownership and Leasing—Ernest T. Triggs, President, John Lucas Paint Company, former Chairman of Committee of Civic Development Department, Chamber of Commerce of the U. S., Philadelphia.

Home Furnishing and Decoration—Miss Ruth Lyle Sparks, Miss Sparks, Inc., President, Interior Decorators Club of New York, New York.

Landscape Planning and Planting—Mrs. Junius S. Morgan, Princeton.

Household Management—Miss Effie Raitt, Professor and Head of Department of Home Economics, University of Washington, Seattle.

Housing and the Community—Dr. Joseph Hersey Pratt, Past President of the American Climatological and Clinical Association, and of the American Society for Clinical Investigation, Boston.

Farm and Village Housing—Provost A. R. Mann, Cornell University, formerly Dean of N. Y. State Colleges of Agriculture and Economics, Ithaca.

Negro Housing—Miss Nannie H. Burroughs, Pres., National Training Schools for Women and Girls, Washington, D. C.

Home Information Centers—Miss Pearl Chase, Chairman, Plans and Planting Branch of Community Arts Association, Santa Barbara.

Homemaking—Miss Martha Van Rensselaer, Dir., N. Y. State College of Home Economics, Cornell University, Ithaca.

Large Scale Operations—Alfred K. Stern, Julius Rosenwald Fund, Chicago.

Relationship of Income and the Home—Prof. Niles Carpenter, Head of Department of Sociology, University of Buffalo, Buffalo.

CORRELATION COMMITTEE CHAIRMEN

A. Standards and Objectives—Lawrence Veiller, Sec'y.-Dir., National Housing Ass'n., New York.

B. Research—Professor James Ford, Department of Sociology, Harvard University, Exec. Dir. Better Homes in America, 1653 Pennsylvania Ave., N. W., Washington, D. C.

C. Legislation and Administration—Bernard J. Newman, Managing Dir., Philadelphia Housing Association, Philadelphia.

D. Education and Service—Dr. Albert Shaw, Editor, American Review of Reviews, New York.

E. Organization Programmes, Local and National—Miss Harlean James, Exec. Sec'y., American Civic Ass'n., Incorporated, Washington, D. C.

F. Technological Developments—Dr. George K. Burgess, Dir., National Bureau of Standards, Washington, D. C.

HOUSING POLICY AND PRACTICE IN EUROPE TODAY

Much light is thrown on the much debated question of government housing and government-aided housing, using that term in its broad sense, by the very valuable information that was gathered together for presentation at the meeting held in Berlin last June, organized by the International Housing Association—whose offices are at Frankfurt on Main and of which Dr. Hans Kampffmeyer is the General Secretary. The chief topic of discussion on that occasion was stated as “The Social Importance of Housing Now and in the Future”. It might more readily have been given the title of this article, viz., “Housing Policy and Practice in Europe Today”.

In a closely printed volume of 550 pages there are gathered together Reports from the leading countries of Europe on various aspects of this question, prepared in the light of a carefully considered questionnaire that had been sent to leading housing experts in those countries. Most of this volume is in German, a little in French and some in English. For all of the Papers summaries have been printed in languages other than the language in which the Paper was written.

Fortunately for English-speaking readers, all of these important Reports—summarizing the experience of Europe, not only in post-war housing work but in a good deal of pre-war housing work—with the recommendations and views of the leading public officials in those countries with regard to the future of housing, have all had careful study and consideration by the President of the International Housing Association, Senator Dr. F. M. Wibaut, a veteran in the cause of housing reform in his own country, Holland.

In addition to writing a Preface to the volume containing the detailed Reports, Dr. Wibaut acted also as General Reporter on this

subject for the Congress and prior to the meeting at Berlin embodied in the form of a Paper his impressions and summing up of the facts found in these Reports.

PURPOSE OF THE INQUIRY

In order to understand the circumstances of this important survey of housing practice and policy in Europe, it is necessary to understand the limitations under which it was made and the particular directions toward which the inquiry was intended to point.

In his Preface to both volumes (Congress Publications II and III) this purpose is stated as follows by Dr. Wibaut:

PRIVATE, PUBLIC AND CO-OPERATIVE BUILDING ACTIVITY AS THE BASIS FOR SUPPLYING THE NEED OF DWELLING ACCOMMODATION.

It is not intended that the treatment of this subject shall be limited to a historical review of the development of housing in the past in the various countries concerned. On the contrary, it is the wish of the Association to submit for discussion for the first time to an international circle of experts of repute the following questions, which have been the subject of heated argument in many civilized countries of the world:

A. Whether and to what extent under present conditions private building enterprise on a profit-producing basis is able, without the support of public funds, to supply the need of small dwellings among the broad masses of the population in a way which will satisfactorily fulfil all economic, social, hygienic and other modern requirements.

B. How can building enterprise be organized so as to ensure the need for small dwellings being met in a satisfactory manner?

As opinion in these matters has been the subject in many countries of heated political controversy, it was of considerable importance that the discussion of them should be very thoroughly prepared. To this end a number of well-known experts were invited to submit preliminary reports. These experts were provided with lists of 5 questions, the object of which was to facilitate the preparation of their reports so that these would contain in a form suitable for drawing comparisons only such information as would be of interest to an *international* congress, and exclude such detail as is of importance only for the country concerned.

As will be seen from reading Dr. Wibaut's Paper, the real topic of discussion was "Private, Public and Cooperative Building Activity as the Basis for Supplying the Need of Dwelling Accommodation", rather than the "Social Importance of Housing Now and in the Future"—the announced topic.

Dr. Wibaut takes up every aspect of the subject and not only reviews it in general, but points out the significant things found in each country.

He first considers House Building by the State—using the term to mean what we would call in America the Federal Government—as dis-

tinguished from the smaller units, which in America would be individual states, or towns and cities.

In this field he discusses the following methods of encouraging house building: Tax Exemption, The Granting of Direct Subsidies, The Making of Loans at Low Rates of Interest.

In considering the building activities of the local authorities, he points out the extent to which they have erected buildings for their own municipal employees, as well as their activities in erecting dwellings to meet the general need. He also reviews other methods by which the local authorities have encouraged house building—through tax exemption, the providing of cheap land and the making of building loans.

Leaving this field, Dr. Wibaut enters the field of the Public Utility Societies—what in America are known as Limited-Dividend Companies—and offers a discussion of what constitutes such a Society, pointing out the differences that prevail in different countries and their different methods of organization. He discusses co-operative building societies, Unions of Building Societies, and Building and Loan Associations, Housing Companies, and finally Housing Standards of the present day.

The second part of Dr. Wibaut's survey concerns itself with the Administration of Dwellings built under all of these auspices, and the Social Work connected with their administration. Here he distinguishes between the practice found in the administration of municipal dwellings and dwellings managed by Public Utility Societies. Finally, Dr. Wibaut raises the important and broad question "To what extent under present conditions private enterprise on a profit producing basis is able without public support to provide the necessary dwelling accommodations for the masses of the population, and at the same time satisfy modern standards and requirements?"

In connection with this aspect of the subject, he discusses such questions as the cost of building sites and of the buildings themselves; methods of financing; the relation of rents to building costs which are set forth in a comparative table; the relation of rent to income. Finally, he raises the question whether the time has come when State-aid can be dispensed with, and private enterprise be relied upon to provide all the dwellings that are necessary, at rents that all groups in a community can afford to pay. He reaches the conclusion that this time has not yet come, and that there is a large group in the community who will have to be aided in the manner in which they have been aided in most European countries since the war.

Through the courtesy of the International Housing Association, we are permitted to publish here in full this important document of Senator Wibaut's.

PRIVATE, PUBLIC AND CO-OPERATIVE BUILDING ACTIVITY AS THE BASIS FOR SUPPLYING THE NEEDS IN DWELLING ACCOMMODATION

By Senator DR. F. M. WIBAUT,
President, International Housing Association.



The social and political importance of housing was to a large extent felt and appreciated in a number of countries several decades before the war. It might be said, in fact, that this was the case at a time when the social importance of far-reaching housing reform had not been realized. It can be shown that as long ago as the middle of the nineteenth century the conviction had been reached in various countries that any attempt at the improvement of social conditions generally—whether relating to things material or intellectual—must commence with the betterment of housing, it having been recognized that the observance of hygienic laws and a general moral uplift among the poorer classes could not be expected until such time as better housing conditions had become the common property of the people.

During the years in which these ideas—strengthened by actual experience—gradually developed into settled conviction, Societies of private persons were being formed in various countries for the purpose of building serviceable dwellings for workmen, which were then placed at the disposal of those in need of suitable accommodation. It was the view of these Societies that the rent paid for a dwelling should in no case be higher than was absolutely necessary to meet the interest on the capital employed and it was also held to be necessary to keep that interest under market rates for private loans. A small amount was added for the gradual amortization of the capital, as well as a minimum subscription towards the costs of upkeep and administration. The stipulation was frequently made, however, that the work of administration be done free of cost. Those Societies undertaking dwelling house building on the lines indicated were guided by the belief that the rent they would have to demand from their tenants must of necessity be lower than the rent asked for dwellings built and owned for purposes of profit-making.

Even at that time we find instances where the efforts of these Societies were supported in various ways by the local authorities, but not as yet by the State. Building loans were granted—or the acquisition of

loans from private sources facilitated—and in many cases building land was provided on especially favorable terms. The groups of houses which these Societies erected here and there were frequently in the nature of oases in the deserts of slums.

The people who were at that time actively engaged in improving housing conditions were by no means Utopian—they were simply pioneers in housing reform. In the course of time it gradually became apparent that the path these pioneers had trod was the right one.

It was not until a much later date that the social and political importance of housing reform became recognized and appreciated by the state and community. Nor does it seem at all unreasonable that a certain amount of experience in this direction had to be obtained before state and community could be finally convinced of the social importance of housing reform. This had already taken place, however, before the war.

Proofs of this can be given from various countries. One very convincing proof is to be found in the housing law passed in Holland in 1901 which embodied the following principles:

1. The local authorities are required to be at all times well posted as to whether a sufficient supply of dwellings is available. This naturally refers, in practice, to cheap dwellings for the workers and lower middle classes.

2. Should the local authorities discover, for example by census, that the supply of dwellings is insufficient to meet requirements, it may then be decided as follows:

- a) That the local authority build the necessary dwellings itself, in which case the capital for building is provided by the State, for which interest must be paid and the capital refunded within 50 years by way of annual payments.

- b) That the necessary capital be found to enable the building to be undertaken by Public Utility Societies whose by laws are in accordance with the housing law. In this case, too, the necessary capital is provided by the State and passed along to the Public Utility Societies through the channels of the local authority. The latter is responsible to the State for the interest and repayment. The local authority imposes the same terms on the Building Society which it has to accept in relation to the State and has formal mortgages executed to secure the loans advanced.

The purpose of these provisions was to ensure that there shall always be a sufficient number of dwellings available in every community.

This 1901 law also provides that:

In cases where it is not possible to so fix the rents of the dwellings built that all the costs connected therewith including the annual payments for interest and amortization are covered, the local authority is empowered to grant subsidies in the form of a reduction in these annual payments. This applies not only to municipal building, but also to that

of the Public Utility Societies, which have received through the medium of the local authorities the loans granted by the State.

From these three provisions of the Dutch Housing Law of 1901 it can be seen that more than 10 years before the war the legislators of Holland had recognized that the social importance of housing was such as to warrant the creation of special laws that would ensure a sufficient supply of dwellings and enable the rents of dwellings built by the local authorities and the Public Utility Societies to be kept below the level necessary on a commercial basis.

Then came the war with its disturbing effect on dwelling house building, which in many countries came to a complete standstill. In the belligerent countries practically all building activity was restricted more or less to war purposes, while building operations in neutral countries were hindered by the fact that costs rose so enormously as to make the employment of private capital for the erection of dwellings, and particularly of workers' dwellings, an absolute impossibility.

The consequence was that the shortage of dwellings assumed disastrous proportions and became more acute than was ever the case in the years before the war. That there actually was a shortage of dwellings before the war is perfectly true, but the character and significance of this deficiency were entirely different. Although at that time some sort of shelter was available for everybody, there were either not enough dwellings available of a kind acceptable to the standards that then prevailed, or where such dwellings were available, the rents demanded for them were beyond the means of those in need of them. The most serious aspect of the housing question before the war was the quality of the dwellings available. Then came the war and in its train an actual shortage of dwelling accommodation in almost every country. The question of quality is still acute and is becoming more so, but in addition to this has arisen the more pressing question of actual numerical shortage. The supply of dwellings available is so insufficient that it is obviously of first importance to see that each family is provided with dwelling accommodation of some kind, regardless of quality.

This state of affairs, and especially the acute scarcity of actual dwellings, has in most countries convinced both the state and the community that their active interest in questions relating to housing is a political necessity. The psychological after-effects of the war have also led to the same result, both in the belligerent as well as in the neutral countries. In every country we find that after the war the demands made by the average citizen on the government were of an entirely different kind than was usual in pre-war days. It was alike every-

where—except that in some countries these demands were more extreme than in others.

The governments of all the countries from which we have received reports have found it necessary to adopt measures for the promotion of dwelling house building. In a few cases temporary measures were adopted and this occurred even in America where government interference in what is regarded as private business is avoided on principle.

In the Report which follows we shall not describe the housing policy of the various countries in its changing phases, but endeavor to give a general idea of the present position in relation to housing generally and to Public Utility building activity.

HOUSE BUILDING BY THE STATE

With the one exception of Soviet Russia the building of dwelling houses by the State has not attained to any important dimensions. In some countries, including DENMARK, GERMANY, HOLLAND, POLAND, SWEDEN, SWITZERLAND and CZECHO-SLOVAKIA, official dwellings for civil servants have been provided by the State, but only to a limited extent.

In several countries, as for example in the CZECHO-SLOVAKIAN REPUBLIC, dwellings are also provided for large numbers of employees and workers in government undertakings such as railways, tobacco monopoly, mines.

Up to the end of 1929 the State Railways in GERMANY had built 11,255 dwellings for their employees, and 2626 had been provided by the Post Office. The German government and the governments of the various provinces have provided their officials, employees and workers with dwellings by the granting of so-called Employers' Loans, *i. e.*, by advancing funds to the builders—mostly Public Utility Societies—at a low rate of interest in consideration of their placing dwellings at the disposal of government employees. In addition to this, the governments of the Reich and provinces have become shareholders in Public Utility building organisations, thereby securing a controlling interest in the building activity of these organisations and in the distribution of the dwellings provided.

In ITALY the State has provided large numbers of dwellings for its officials. In May 1925 the National Institution for Civil Servants' Dwellings was founded; during the first five years of its existence it built 5223 dwellings, distributed over a number of towns. The State Railway has also been exceedingly active in this direction and the dwellings it has provided, either directly or indirectly, have supplied

the needs of one-third of the total personnel. The Postal and Telegraph Departments have done less in this direction.

Both as regards actual figures and percentage, however, by far the greatest amount of State dwelling house building has been undertaken in SOVIET RUSSIA, where matters pertaining to housing have developed on lines altogether different from the other countries mentioned in the reports. Following the revolution of October 1917, all land in Russia—as well as the larger buildings in the towns and cities and the whole industry of the country—were expropriated. The reconstruction of industry is being carried out under the so-called “Five Year Plan” and the building of new dwellings is being undertaken as an integral part of this plan, the funds available for the purpose being distributed in accordance with the requirements of growing industry. A large part of these funds is being invested in the newly developed industrial districts and in the industrial towns and cities that are springing up.

Of the total amount invested in dwelling house building in the year 1930, 415.1 million roubles were employed for dwellings for industry and transport, and 102.8 million roubles for dwellings for the Soviet Executive Committees, 76.3 million roubles went to the Housing and Building Co-operative Societies and about 50 millions to private builders. It should be mentioned here, however, that in the Soviet Republic there is no such thing as house building for private profit, private building enterprise being confined almost exclusively to small wooden one-family houses built by the people for their own use. It will be seen, therefore, that of the total capital invested in dwelling house building in 1930 about four-fifths was employed in State projects. The building activity of the Executive Committees of the local Soviets, it must be remembered, is not the same as the communal house building in the western provinces. Although it is undertaken within the sphere of the local authorities, it represents nevertheless an integral part of the administration of the Soviet as a whole. The capital invested in dwelling house building in Soviet Russia increased from 419.7 million roubles in 1928 to 1101.6 million roubles in 1931.

STATE AID TO HOME BUILDING

Since the war the governments of the various countries have adopted several means of promoting dwelling house building:

1. Tax Exemption.
2. Direct Subsidies.
3. Loans on Easy Terms.

TAX EXEMPTION

Even before the war the governments of various states and communities had adopted this means of promoting dwelling house building, since it did not involve them in any actual expenditure of capital. Since the war this method of tax relief has become exceedingly popular, especially in the Latin and Scandinavian countries and in GERMANY, AUSTRIA, CZECHO-SLOVAKIA, POLAND and LIVONIA. In Czecho-Slovakia particularly we find that tax exemption for the term of 15 years has played an important part in the revival of private enterprise.

THE GRANTING OF SUBSIDIES

After the war and especially before the ultimate stabilisation of currency, many countries adopted the system of granting subsidies towards building costs, but most of them abandoned this system later on. In CZECHO-SLOVAKIA, however, this system was reintroduced in 1930 and for the building of small dwellings of 1 or 2 rooms and kitchen with a dwelling area of 30—40 square metres (exclusive of the usual conveniences) interest subsidies of $2\frac{1}{2}\%$ are granted on mortgage loans up to 90% of the value in the case of tenement buildings, and up to 72% in the case of private dwellings.

In ITALY the sum of 72 million lire annually has been provided for the granting of subsidies for a period of 50 years. Taking into consideration the free allotment of building lots and other benefits these subsidies represent from $\frac{1}{4}$ of 1% to 3% of the total building costs.

In BELGIUM premiums are granted to private persons for home building.

Of the greatest importance, however, is the system of subsidies adopted in ENGLAND. According to the Housing Law of 1924 the rents for new dwellings erected by the local authorities may not be higher than those paid for pre-war dwellings in the same neighborhood. These rents are 140% of pre-war rates. Should these rents not be sufficient to cover running costs the State grants an annual subsidy for each house up to a limit of ~~£7.10s.~~ ^{£7.18s.} for a period of 40 years. If this is still insufficient to meet the deficit, then the local authorities are obliged to grant a further subsidy up to ~~£2.15s.~~ ^{£2.18s.} for the same period.

The subsidy system, as already explained, has been in use in HOLLAND since 1901. It is one of the fundamentals of the housing law passed that year. This subsidy consists of a reduction in the annuities payable in respect of loans granted by the State to the local authorities, or through the latter to Public Utility organisations, and is intended to

make good any deficit not covered by the rents. During the first few years after the housing law was passed subsidies of this kind were practically unknown. In the years immediately preceding the outbreak of hostilities in 1914 subsidies were granted by the Government in a few cases towards annuities owing by the local authorities. This was done to a much greater extent in the years 1915—1916 in connection with local authority house building, the grantee being the City of Amsterdam, but on the condition that the rents for a part of the new dwellings must be so calculated as to cover the costs. In recent years the State has only granted these subsidies in the case of dwellings built to replace demolished slums.

LOANS ON EASY TERMS

In most countries the provision of mortgage loans by the State is of still greater importance than the granting of State subsidies, and in this connection there is a great similarity of method in the Latin countries. The pre-war housing laws of France and Italy have been supplemented and revised. Especially in FRANCE—where rentals for old dwellings may not according to law exceed two-fifths of pre-war rents—far-reaching measures of support on the part of the State were necessary in order to keep the rents for new dwellings at the same level. From a profit earning point of view the rent for an apartment of 3 rooms and kitchen would have to be 1061 gold francs per annum, which is approximately half what the average worker earns. Through tax exemption for a period of 15 years this rent has been reduced to 875 gold francs, but this would still swallow approximately one-third of the average worker's earnings. For this reason the State lends to house building corporations (*Offices public d'habitations à bon marché*) or to Public Utility companies 90% of the building cost at 2% interest, repayable in 40 years. 920 8168

In addition to this, there are the subsidies granted by the local authorities and Departments up to 3% of the 90% loan advanced by the State. By this means the rent for the dwelling is reduced to about 327 gold francs, or approximately one-seventh of the average worker's income.

State support is also given for the acquisition of private dwellings by persons of limited means, and recently for the acquisition of apartment houses. This is done through the medium of the so-called *Sociétés de Credit Immobilier* (Building Loan Companies), founded and controlled by the State, which receive from the State building loans at 2% for this purpose. These companies then advance funds for a period not

\$ 80
\$ 200
\$ 600
exceeding 25 years to families of limited means for the acquisition of private homes or apartments. Each applicant has to invest ~~4000~~ francs out of his own pocket—except in the case of families with one child under 18 years, when ~~2000~~ francs only is required to be invested. Where there are two children, or if the applicant is a war invalid, no private capital is necessary, so that these receive a loan of the entire amount. For families with more than 3 children the State grants a subsidy in one sum of ~~5000~~ francs with an additional ~~2500~~ francs for each further child, but not exceeding 15,000 francs in all. In the years 1929—1931 the sums provided by the State for the building of homes of this kind amounted to nearly 4,000,000,000 francs, with which approximately 100,000 houses have been provided. \$ 156,800,000

Similar conditions exist in BELGIUM. The State provides the *Société National de l'Habitation à bon Marché en Belgique*—of which it is the founder—with cheap credits repayable over a period of 66 years, the credits being then distributed among the 287 building companies, which are officially recognised by the *Société* and which, up to December 31st, 1929, had provided 43,132 new dwellings, of which 11,268 have been sold.

Government support is also given to institutions for the building of people's dwellings and to Public Utility building organisations in ITALY in the form of loans at low rates of interest.

In HOLLAND efforts have been made by the government since 1921 to abolish state promotion of house building and to leave the provision of dwellings entirely to private enterprise. Since 1925 building loans have only been granted to provide dwellings for families evicted from condemned slums, and for the building of low-cost dwellings in districts where private enterprise has failed to meet the needs of the population, provided that the local authorities can show that the necessary capital for building was not obtainable elsewhere.

Since May 1930, state loans may be employed for the erection of private dwellings, which prior to that date were excluded from the privilege of state support. In such cases 10% of the capital must be provided by the builder.

In SWEDEN and FINLAND state banks have been founded for the purpose of providing second mortgage loans.

In GERMANY the governments of the provinces are required by a statute of the Reich to collect in the form of a tax a certain part of pre-war rents to be used for the promotion of dwelling house building. This is justified on the ground that since house property was relieved of the greater part of its encumbrances as a result of the inflation of the mark, mortgages were only revalorised up to 25%, such a measure

is quite proper. Part of the funds thus collected is used for the general requirements of the provinces and towns, but up to 30% of pre-war rents is employed in the building of new dwelling houses. The mortgage loans granted from these Rent Tax Funds are known as Rent Tax Mortgage Loans and are registered as second or third mortgages. The interest charged does not as a rule exceed 2 to 3%, thus compensating in a measure for the high rate of interest (9%) that mortgage loans obtain in the open market. In this way roughly ~~4,000,000,000~~ \$1,000,000 marks have been contributed to the building of small dwellings in Germany.

In SOVIET RUSSIA government and co-operative house building activity is financed from the funds of the Central Communal Bank, from special funds of the local Executive Councils and of the various Soviet Republics, from funds of the State industrial undertakings and from the private funds of the co-operative building societies.

In some countries the cheapening of second mortgages is effected chiefly through the granting of state security. This method is especially popular in CZECHO-SLOVAKIA where second mortgages at low rates of interest have been guaranteed by the State for large amounts—not only for Public Utility building, but also for private enterprise. In the years 1927—1929 guarantee funds to the amount of 320,000,000 96,000,000 Czech crowns were available for the purpose.

It may be said in conclusion that of all the countries from which reports have been received it is only in Soviet Russia that the State has itself built dwellings for general use. In all other countries the Government has restricted its actual building activities to the provision of dwellings in varying extent for its own employees and workers, at the same time giving its support in different ways to the house building projects of the local authorities, Public Utility building organisations and private enterprise. In some countries there is a tendency to restrict state promotion of dwelling house building.

BUILDING BY THE LOCAL AUTHORITIES

DWELLINGS FOR MUNICIPAL EMPLOYEES

In some countries (GERMANY, POLAND, SWITZERLAND) the local authorities have to a limited extent built dwellings for their officials, employees and workers especially for those officials whose presence on the premises is desired after office hours. Many local authorities also support the self-aid efforts of their officials by granting loans or subsidies to their building organisations, or by giving security for loans obtained elsewhere. This has been done in German towns to quite

a large extent. In some cases officials desiring to build can obtain the necessary capital by renouncing their title to the living allowance, which is then converted into capital and paid out in advance—all risks in the event of death being covered by a life insurance policy. We may say that this assistance on the part of the authorities—apart from its value as a means of improving relations between the authorities and their officials—has no connection with public promotion of housing reform. It is no different from the case of the private employer who in many instances has built dwellings for his employees or assisted them in acquiring homes of their own.

BUILDING FOR GENERAL NEEDS

Of far greater importance than the building of dwellings for municipal employees has been the provision of dwellings for general needs by the local authorities, which in practically all the countries from which reports have been received—with the exception of U.S.A.—has attained to some importance, although perhaps of a temporary character in some cases.

By far the greatest amount of such house building has been undertaken in ENGLAND. Of the 939,030 dwellings built with state support in the years 1919—1929 no less than 527,769 were built by the local authorities. 411,261 dwellings were provided with state aid by private builders including Public Utility Societies. Dwellings provided without state aid totalled 537,618, but it must be remembered that these were probably for persons with more or less better incomes. From this it will be seen that well over one-third of the total number of dwelling houses erected after the war is attributable to the local authorities.

Dwelling house building in VIENNA, has been proportionally still greater. Owing to the inflation of the currency, house property became entirely freed from mortgage obligations and there has been no revalorisation. The legislation for the protection of tenants—as far as the limits for rent are concerned—has been modified to a very small extent. In 1929 house rent was only 16% of pre-war rates. By means of a House Building Tax based on a rising scale of values and levied on pre-war property the greater part of the funds necessary for building by the local authorities was raised.

The balance of the necessary building capital was taken from current taxation revenue. Rents were fixed so as to cover the costs of upkeep and administration and rates and taxes, no charge whatever having been included for interest on the capital employed. Thus the rent for a new dwelling is kept at the same level as that for its pre-

war equivalent, in respect of which—due to the legislation for the protection of tenants which is strictly enforced—no interest on capital worth mentioning is taken into account. For the great majority of dwellings the average rent per square metre dwelling area is from 15 to 20 groschen, so that the rent for a dwelling of 38 square metres would be 5 schillings 70 groschen. To this must be added the House Building Tax which for a small dwelling averages 1 schilling 50 groschen. After the completion in 1932 of the second large building project there will be no less than 64,000 municipal dwellings available for the general needs of the city.

In GERMANY municipal building for general requirements had already been undertaken to a limited extent before the war, and in 1918—20 of those towns that were members of the National Union were responsible for 39,142 emergency dwellings—in barracks and other buildings which could be altered for the purpose—which they either provided themselves or granted the necessary funds for through loan or subsidy. From 1926 to 1929, 29,707 dwellings for over 50,000 persons were built by municipal governments. As already explained, German towns have promoted the building of dwellings mainly by supporting Public Utility Associations.

Also in HOLLAND, DENMARK, SWEDEN and NORWAY large numbers of dwellings have been provided by the local authorities, special consideration having been given to the needs of those classes of the population for which no provision was made in the building programmes of either private or Public Utility enterprise, *i. e.*, for persons with little means or with large families. Amsterdam built 10,163 dwellings, The Hague 7058, Rotterdam 6620, Copenhagen 9450, Stockholm 3546, and Oslo 5448. Of the Swiss towns that have built dwellings Zürich takes the lead with 503. In the years 1919—1924 the local authorities in CZECHO-SLOVAKIA have provided with state assistance 1624 tenement houses comprising 14,890 dwellings with 33,101 rooms and 676 small houses containing 764 dwellings with a total of 2236 rooms. Dwelling house building in a smaller capacity has also been undertaken by the City of Riga in Livonia and by a few towns in Poland.

In SOVIET RUSSIA the building activity of the local Soviets is, as already explained, State building. In 1930 it represented practically one-sixth of the total building operations in the country.

MUNICIPAL-AIDED HOUSING

TAX EXEMPTION

In many of the reporting countries we find that not only are government taxes in respect of new dwelling houses either considerably

reduced or cancelled altogether, but also local rates and taxes are treated in the same way.

LAND POLICY

In most countries the building of dwelling houses—and especially that undertaken by the Public Utility Societies—has been promoted by the local authorities through the provision of municipal building land on favorable terms. This has been the case, for example, in GERMANY where the local authorities in the years 1926—1929 have placed from two to four-fifths of the necessary land at the disposal of builders and, as a rule, on especially favorable terms. Since 1926, 70 towns with more than 50,000 inhabitants have allotted 6070 acres out of their own estates for house building, and have either themselves built or handed the land over for the erection of residential colonies.

When municipal land is disposed of in this way in Germany—and in many other countries as well—agreements are drawn up that make subsequent speculation impossible. One method is to reserve to the community selling the land the right to re-purchase it at the original price, plus the value of any improvements made and subject to an allowance for depreciation through use. Other methods are long-term leases, leasehold and the like.

We find also that in AUSTRIA, SWITZERLAND, HOLLAND, DENMARK, SWEDEN, NORWAY and LIVONIA the land policy of the local authorities serves in varying degree the interests of dwelling house building.

In ITALY the so-called “Case Popolari” are as a rule erected on land which the local authorities have either purchased for the purpose or expropriated at a low rate of compensation. In many cases land is provided free of cost. Worthy of note is the fact that in Italy the local authorities are required by law to provide at their own expense—on all building land allotted to building organisations and private persons for the purpose of erecting cheap dwellings—all the essential drains, water supply, lighting, thoroughfares, etc.

As in most other countries, the local authorities in Italy are empowered to expropriate land where necessary for the purpose of dwelling house building.

Following the October revolution of 1917 in RUSSIA all landed estates were expropriated by law and became the property of the State and, incidentally, of the local authorities. Land for the building of private houses cannot be purchased, but is leased for a long term of years. For buildings of stone the term is 65 years, for houses partly of stone 55 years, and for wooden houses 45 years.

LOANS ON EASY TERMS

The most important part which the local authorities have played in the promotion of dwelling house building has been the provision of loans on favorable terms.

In GERMANY we find that even before the war the provision of capital for building had already been facilitated by the local authorities. Three towns had created institutions for providing first mortgage loans, and 43 towns had established similar institutions for second mortgage loans, while another 13 had founded loan institutions. The total mortgage loans for which towns and parishes have stood surety since the war may be taken to exceed 1,000,000,000 marks. In addition to this they have, in the years 1914—1929, provided capital for building to the extent of nearly 2,000,000,000 marks, not including funds provided by the Rent Tax.

Since the promotion of dwelling house building by the State in HOLLAND has been gradually reduced, this task has been undertaken by the local authorities and the mortgage loans for Public Utility building organisations are guaranteed up to 95%—and even 100%—of the total cost of plot and building at a sinking fund rate (interest and amortisation) which, at the end of 1930, was 4.5%.

In the northern countries considerable support has been given to Public Utility building activity by the towns by the granting of security for second and third mortgage loans negotiated elsewhere. This is done, for example, by the City of COPENHAGEN to the extent of 90% of the total building cost, whereby the annual charge for third mortgage loans is 6% (interest and sinking fund). Public Utility building in NORWAY (in Oslo second mortgages up to 90%) and SWEDEN (third mortgages up to 80 and 90%) is furthered by the towns in a similar manner. Second mortgages are granted to builders of private dwellings by the corporation of RIGA to a somewhat lesser extent on special terms and for amounts not exceeding 30% of the building cost at an interest of 2%. State promotion of dwelling house building in ENGLAND, as already stated, is supplemented in a practical manner by the granting of subsidies to the local authorities. The same purpose is fulfilled in FRANCE in that the local authorities grant subsidies towards the interest on state loans.

PUBLIC UTILITY SOCIETIES

In a number of countries, as for example, DENMARK, GERMANY, HOLLAND, ITALY, AUSTRIA, SWITZERLAND and CZECHO-SLOVAKIA, dwelling house building on the part of Public

Utility organisations had already attained a certain importance before the war and was promoted by the State and the local authorities in various ways, such as tax relief, assistance in the acquisition of building land and in the procuring of loans.

In consequence of the enormous increase in the building activity of the Public Utility organisations after the war and due to the fact that they enjoy in most countries the generous support of State and local authority, the recognition of their "public utility" character has become of considerable economic importance. It is reported from various countries that due to vague and faulty definitions of "public utility" and perhaps to inadequate control, organisations of a purely trading or speculative character are able to enjoy the benefits that were originally intended for Public Utility Societies alone. It is therefore of interest to ascertain how the term "public utility" is defined in the various countries and what methods of control are adopted to ensure that the operations of these organisations are in accordance with the principles thus assumed.

WHAT IS A PUBLIC UTILITY?

In ENGLAND a Public Utility Society is understood to be a co-operative society with limited liability, formed in accordance with the Industrial and Provident Societies Act for the purpose of building dwellings for workers and their families. These societies may not pay more than 6% interest or dividend. The dwellings they build must be secured to the tenants for all time, which latter are also entitled to a share in the administration.

In GERMANY a bill has recently been introduced in the Reichstag which is to finally settle all doubts as to the significance of "public utility". This bill provides that the claim to public utility can only be recognised when the builder builds dwellings only for tenants with small incomes and when the interest paid on capital does not exceed 5%. In the event of liquidation only the capital actually paid in may be refunded to the shareholders, any available surplus must be handed over for some other public utility purpose. It is of course not enough that the absence of any selfish aims is expressed in the by-laws—it being equally essential that the operations of the organisation are in complete accordance with the spirit of public utility.

In HOLLAND the idea of public utility is far more strictly defined and no organisation can claim to be of a public utility character unless its object is exclusively the promotion of dwelling house building and the following provisions are included in its by-laws:

1. That neither members, shareholders, managers nor members of the supervisory council may have any financial benefit of any kind whatsoever. At the most, adequate compensation may be paid for services rendered and a fair interest paid on any loans negotiated.

2. That the profits of the organisation shall be used exclusively for the furtherance of its objects.

3. That the estate of the organisation may not be encumbered or disposed of without the sanction of the relative municipal authorities.

4. That the organisation must be wound up immediately in the event of the Royal sanction to the title of public utility being withdrawn. In the event of such an organisation being dissolved, its whole estate and property must be offered to the local authority in exchange for the equivalent of the capital invested.

The by-laws may not include any provision to the effect that members, shareholders or others are entitled to acquire the ownership of the Society's estate.

It should be remarked here, however, that these far-reaching rights of control that State and community reserve for themselves in relation to the Public Utility building Societies of Holland is partly due to the fact that these Societies provide only a very small percentage of the cost of building and let out of their own funds, so that the authority which either advances the necessary capital or stands surety for it, accepts all the commercial risk. It consequently takes care to secure for itself a controlling interest in the Society's operations.

In many countries, including Holland, it is one of the duties of the Municipal Housing Committee to systematically supervise the whole business operations of the often times numerous Public Utility Building Societies—not only their financial transactions, but also matters relating to the upkeep of dwellings, methods of letting, etc.

In other countries, too, definitions have been laid down as to the meaning of the term "public utility" and regulations affecting it are in force; but they contain nothing not embodied in the foregoing.

It should be noted, also, that these provisions are not merely on paper, but are rigorously enforced—this being done in a number of states by Government and the municipal authorities.

KINDS OF PUBLIC UTILITY SOCIETIES

Although public building activity in the various countries has developed along different lines, it is nevertheless possible to group the organisations under two headings, viz.:

1. Building and loan associations founded primarily for the purpose of meeting the needs of persons in need of dwelling accommodation.

2. Housing organisations founded by corporations, institutions and private individuals for the purpose of providing dwellings for the people.

In some countries these more or less private housing organisations are no longer being formed. Existing organisations date back to the days before the introduction of systematic housing on the part of the State and the local authorities. There are still a few of the old private organisations in existence in these countries.

In many countries both kinds of organisation are to be found side by side, while other organisations exist which are more or less a composition of both.

BUILDING LOAN ASSOCIATIONS

Building and loan associations in the sphere of dwelling house building are mostly in the form of co-operative societies, the members of which have either one vote each at the general meetings, or one or more votes according to the number of shares held. The number of votes may also be determined on the basis of dwelling area. At the general meeting a board of directors is elected which conducts the organisation's business without compensation and is under the supervision of a supervisory board, which is also elected at the general meeting.

Owing to the extent to which some of these co-operative societies had expanded it became impossible to discuss business details at the meetings of the members, so that it was found necessary in certain countries—GERMANY, AUSTRIA, SWEDEN—to introduce a system of delegation whereby the privileges of the individual members in relation to the general meeting were transferred to delegates selected by them.

Co-operative building on these lines had its origin in COPENHAGEN, where in 1865 the Worker's Building Society ("*Arbejdernes Byggeforening*") was formed. This society operated both as a savings institution and a building society. The houses built, which contained 2—3 roomed apartments, were sold to the members, but nothing was done to prevent subsequent speculation. Consequently, the benefits that later on accrued as a result of increased values were reaped by the owner at that time. During a period of 64 years this Society has built altogether 1570 houses having a total of 4570 dwellings at an aggregate cost of 16½ million crowns.

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It was not until shortly before the war that the co-operative building movement in DENMARK was able to develop on social lines. To-day, however, it can look back on years of achievement and it may be mentioned that 3400 dwellings have been provided by the "*Arbejdernes Andels Boligforening*", 2000 by the "*Arbejdernes Kooperative Byggeförening*" and 5800 by the "*Københavns Almindelige Boligselskab*".

The co-operative building movement in GERMANY has developed rapidly under the Co-operative Law of 1889; as long ago as 1914 there were 1402 co-operative building societies in existence. The acute shortage of houses which followed the war, coupled with the promotion of dwelling house building by the local authorities led to their rapid development. And on December 31st, 1929, there were no less than 4383 co-operative building societies, of which 2655 were organised in 17 unions. The total membership on that date was 684,830 and the number of dwellings provided was 402,943. The total working capital employed amounted to as much as 2274 million marks.

Among the so-called self-aid organisations may be reckoned those large and efficient building companies that have been founded in Germany by the various unions of workers, civil servants and employees for the purpose of providing dwellings for their members. The "*Dewog*" (*Deutsche Wohnungsfürsorgegesellschaft für Arbeiter, Angestellte und Beamte*) between 1924 and 1930 has built and administered no less than 33,294 dwellings. This is supported by the trade unions. The "*Gag-fah*" (*Gemeinnützige Aktiengesellschaft für Angestellten-Heimstätten*) up till now has built 26,857 dwellings, is supported by commercial employees, including the National Union of Clerks (*Deutschnationaler Handlungsgehilfenverband*), by the Commercial Employees' Union (*Gewerkschaftsbund der Angestellten*) and by the National Insurance Institution of Clerks. The "*Heimat A. G.*", which up to the present has built 10,800 dwellings, is supported by the Commercial Employees' Union. These companies have also founded affiliated companies in all parts of the country.

The progress of events in the field of co-operative house building in Germany has not been without its influence in AUSTRIA and in the neighboring states of post-war creation. The co-operative movement in the Austria of today has led to the formation in Vienna, as well as in other parts of the country, of a number of housing colony companies which, with the assistance of the local authorities and, to a certain extent, of the State as well—have built dwellings consisting chiefly of one-family houses with gardens.

In the Republic of CZECHO-SLOVAKIA, where the co-operative building movement had already made progress before the separation

from Austria, there were at the end of 1929 as many as 1552 Public Utility building and housing co-operative societies, besides 11 Public Utility building societies and one Public Utility joint stock building company. From 1919 to 1929, 815 of these co-operative societies have built with state assistance a total of 1865 tenement houses containing 27,029 dwellings and 63,485 rooms (including kitchen), and 13,693 private dwellings (chiefly one-family houses) comprising 15,921 families with 52,489 rooms.

The co-operative building societies of SWITZERLAND are similar in character to those described above. At the end of 1928 there were roughly 100 co-operative building societies in existence. At the end of 1927 the membership of 80 of these totalled 14,500 and the dwellings provided were roughly 6700. These figures have increased considerably meanwhile. The largest of these societies, the "*Allgemeine Bau-genossenschaft*" in Zürich had a membership at the end of 1930 of roughly 11,000—of which 1300 were tenants of the society.

The co-operative movement in POLAND and NORWAY, which did not come into life until after the war, is in principle practically the same.

The 12 co-operative building societies in NORWAY, which are organised in one national union, have a total membership of 1680 and have built 1375 dwellings. There are also other co-operative building societies in Norway outside this union.

In the year 1927 the co-operative societies in existence in SWEDEN had a total membership of 20,127, of which 6089, or 30%, belonged to the so-called renting societies whose dwellings are only let to members for rent; and 14,038, or approximately 70%, to the ownership societies, the members of which accept responsibility for that part of the building cost which the value of their dwellings represents. At the present time there are approximately 60,000 persons living in 20,000 co-operative society dwellings.

The most important of these societies is the *H. S. B. Verband*, which with its large number of affiliated societies operates all over the country. Since the year 1922, the H. S. B. has built in Stockholm alone 4526 dwellings representing a value of 62 million crowns. \$15,000,000

Of the 900 to 1000 Public Utility Building Societies that exist in Sweden, no less than 450 are in Stockholm and 250 in Gothenburg. Thirty percent (30%) of these societies are so-called renting societies.

The last country to join the international co-operative building movement was SOVIET RUSSIA, where the movement since 1925 has made enormous progress. Since that year 470 million roubles have been invested in new buildings representing an aggregate dwelling area of

4,500,000 square metres. Half a million families representing one and a half million persons are members of the co-operative societies, and about 600,000 persons have already been provided with dwellings.

The activities of the building societies in HOLLAND—which operate in accordance with the housing law—have for their main object the provision of dwellings for their own members, although with most of them it does not necessarily follow that outsiders are excluded from tenancy. These societies may be divided into two groups, viz.:

1. Tenant Societies—associations of persons directly interested—which build houses for their members. The members pay either a small annual subscription or take over a share of 10 to 15 florins. This is the only financial obligation.

2. Housing Companies—associations of persons indirectly interested—which are constituted much the same as those described above, except that the shares are usually for a higher amount, and that the dwellings provided are not let to the society's members, but to outsiders waiting for apartments.

There are Roman Catholic, Protestant and a few Jewish building societies, besides others for various trade unions, as well as some of a political character. The consequence is that there are large numbers of individual societies. At the first of January 1928, there were in HOLLAND 1176 building societies spread over 549 communities and having an aggregate of 123,000 dwellings.

The activities of these building societies may in reality be regarded as more or less the activities of State and local authority, as in the majority of cases these authorities provide all the necessary capital, or at any rate 90 to 95% of it. Their constitution as societies is in most cases merely a matter of form for administrative purposes.

As regards actual building, these societies in Holland play an important part and many local authorities prefer to build through them rather than operate directly.

UNIONS OF BUILDING SOCIETIES

In most countries we find that the various building societies have been organised in central organisations. In some countries these unions carry out for their affiliated societies the auditing work required by law. They also act in an advisory capacity on commercial, legal and other matters and safeguard the common interests of their members generally, and particularly in their dealings with the authorities. Unions of this kind are in existence in DENMARK, GERMANY, HOLLAND, AUSTRIA, NORWAY, SWEDEN, SWITZERLAND, CZECHO-SLOVAKIA and elsewhere.

HOUSING COMPANIES

It is only in HOLLAND, GERMANY and ITALY that these companies—who do not build for their members but for outsiders—have attained any importance. There are also local authorities in HOLLAND that establish special institutions in order to have a building and administration mechanism of greater flexibility. It has been found, however, that municipal dwellings can be administered in a very satisfactory manner by the local authority itself, without the medium of these special institutions.

In GERMANY a great many towns—instead of building themselves—have thought it better to found Public Utility Building Companies, or to hold shares in such, in order to give dwelling house building a freer hand and to make it as far as possible independent of differences of opinion in the local government. In such cases a suitable number of municipal representatives are elected to the supervisory board. In 1929, it was found that of those towns that were members of the National Union, 40 had adopted this course. Berlin is financially interested in 15 building companies—varying in importance—4 co-operative building societies and 4 joint stock companies.

An important part in house building activity in Germany is played by the "*Wohnfürsorgegesellschaften*" (Housing Companies), of which one for every Prussian province, as well as for almost every other German province, has been founded. As a rule these companies create special departments for the execution of their varied tasks, such as finance, building materials and technical matters. They either build themselves or through the medium of affiliated companies. They give advice and assistance to building societies, local authorities and private persons on all questions affecting the building of small dwellings; they also undertake the technical preparation and financing of building projects etc. All these companies are organised in a National Union called "*Reichsverband deutscher Fürsorgegesellschaften*".

In ITALY institutions for the provision of people's dwellings have been founded by the local authorities whose purposes are identical with those of the municipal housing companies in Germany and the housing endowments in Holland. These institutions are public corporations with the rights and privileges of a corporate body. Local authorities, savings banks, credit institutions and co-operative societies, as well as companies of various kinds and private persons, have taken part in their formation. They are entitled to issue bonds and to undertake credit operations for the purpose of improving their finances, but not for the purpose of making profit. In 1926, there were

5,600,000

in Italy 84 of these institutions for providing people's dwellings with an aggregate capital of 113 million lire and a record of 135,303 buildings with a total value of 1,667,809,000 lire. The present value of buildings erected by these institutions in Italy may be estimated at somewhere about 3,000,000,000 lire. \$ 89,000,000
4150,000,000

PRESENT-DAY HOUSING STANDARDS

Housing standards as compared with pre-war ideas have advanced considerably. The improvement has taken different forms in different countries. In those countries where housing reform did not actually become a part of public policy until after the war we find that the improvement is far greater than in countries where housing reform was already known before that time—ENGLAND and HOLLAND are notable examples.

In LIVONIA the fact that the poorer classes are to-day making greater demands in respect of their dwellings than ever before is welcomed as a sign of progress. In certain of the more important countries this change is no doubt attributable to two facts, viz.:

1. Owing to radical changes of a political character the working classes, and those of lesser means, who previously were unable to exert any influence on their governments, are to-day a political factor of considerable importance.

2. The shortage of houses during the war and in the years following compelled most of the countries to exert every effort in the furtherance of dwelling house building. Now, when the State and the local authorities provide the necessary funds for dwelling house building, it is only natural that they should make regulations dealing with the standard of buildings to be erected, and require the new dwellings to more nearly approach a reasonable standard of hygiene and comfort than was the case with small dwellings erected in pre-war days. In many countries it was an urgent necessity that the local authorities and Public Utility building organizations in their extensive building projects should employ the services of competent architects in order to ensure the attainment of the great improvement in the quality of the dwellings that was so essential.

The character of dwellings in some countries was already regulated before the war through special by-laws that established certain minimum standards. In some countries this standard was raised after the war.

Of special importance is the question of equipment. In many countries small dwellings are now being fitted with built-in kitchens

of an admirable type, as well as bath or shower, and permanent cupboard fixtures, etc. In the houses built by the H.S.B. in Sweden—where small dwellings are perhaps of the highest standard anywhere as regards comfort—we find vacuum cleaners, elevators and other conveniences of a luxurious type. In many countries the question is now being discussed as to whether certain comforts and conveniences might not perhaps be abolished with a view to obtaining greater dwelling area or to reduce rents. In cases where this policy has led to a reduction of the standard below what in most countries is generally considered the minimum, this policy represents a reactionary movement in housing reform.

SMALL HOUSES OR BLOCK DWELLINGS—WHICH?

Associated with the question of dwelling standards is the relation of the one-family house to the tenement apartment. In practically every country we find that in the rural districts and small towns there is a preponderance of one-family houses. Of those countries from which reports have been received there are only two groups in which the small one-family house still plays an important part in towns of medium size. These are the Anglo-Saxon countries and Holland and Belgium.

In post-war house building in ENGLAND the old ideals of English housing reformers—according to which every family should be provided with a one-family house with one or two living-rooms and kitchen and at least one bedroom for the parents and separate bedrooms for the children of both sexes—have been realised to a large extent. State aid is, moreover, only granted on the condition that each dwelling is furnished with a bath.

It is remarkable that in the UNITED STATES OF AMERICA, where until recently the one-family house was predominant, tenement houses are now being erected in increasing numbers. In the years 1921 to 1928 the proportion of one-family houses to the total number built dropped from 58% to 35%; and the figure for two-family houses from 17% to 11%; whilst the proportion of dwellings contained in tenements rose from 24% to 53%.

In HOLLAND 72% of all inhabitants are living in one-family houses. In that country, too, considerable importance is attached to providing a number of bedrooms, so that the children do not have to share a bedroom with the parents, and the sexes are properly separated. Small dwellings there, as a rule, are not furnished with baths.

In BELGIUM the dwellings provided up to 1929 with the support of the *Société Nationale des Habitations à bon marché de Belgique*

comprised 34,115 one-family houses and 1582 tenement houses with 9017 apartment dwellings—the latter being only 21% of the whole.

In the towns of SOVIET RUSSIA we find recently a greater number of tenement houses being built and the erection of small one-family houses, primitively constructed of wood, decreasing in proportion.

In GERMANY the policy of constructing residential colonies—and incidentally one-family houses with gardens—has become exceedingly popular since the war. It is true that the building of one-family houses has of late decreased in volume. This is due to the necessity for a reduction in the size of the dwellings—caused by the unfavorable economic conditions in Germany. It was found that small dwellings could be provided in tenement buildings at lower rents than in one-family houses. As compared with the average small dwelling built by private enterprise in pre-war days, dwelling standards in Germany—due chiefly to the active co-operation of the local authorities and public building organizations—have risen to a very considerable degree.

A general improvement in dwelling standards is also reported from other countries, including Austria, Italy, Poland, etc.

NEW TYPES OF BUILDING ORGANIZATIONS

Reference should also be made here to the new types of building organizations that have been created by the trade unions of various countries for the purpose of erecting buildings—and above all dwelling houses—independent of private builders. In ENGLAND we have the building guilds, which, after a brief period of popularity, are losing in importance. In DENMARK, SWEDEN, NORWAY, POLAND, AUSTRIA and GERMANY are the productive building organizations—which as a rule are on a friendly footing with those Public Utility Societies whose members are recruited from the ranks of trade unionists.

In Germany where this movement is strongest there are two distinct groups. On the one hand are the co-operative building societies founded by the Christian trade unions; and on the other hand the so-called "*Bauhütten*" or guilds, organized by the independent trade unions—which latter have attained to considerable importance economically. In the year 1928 at the height of the building season they gave employment to 26,896 clerks and workmen. The average number of workers employed in that year was 17,961. Their total turnover was 120.6 million marks, share capital 4.7 million marks and reserves 2.3 million marks.

THE ADMINISTRATION OF MUNICIPAL DWELLINGS

Owing to the extensive building operations undertaken after the war by large numbers of local authorities, the house property of many of them to-day embraces thousands—in fact in some cases hundreds of thousands—of dwellings. The administration of these large estates has given rise to new and difficult problems and it has not always been possible for the different local authorities to find the right solution.

We find in HOLLAND, for example, that the laws and regulations affecting the administration of municipal house property are in certain respects so irksome, that many local authorities have transferred the work of administration to special institutions founded for the purpose. The operations of these institutions are of course guided by regulations laid down by the local authorities, but beyond that, they remain free from all political influence, as the conduct of their business is independent of any direct influence from the local government.

It is reported that this system of administration is far more serviceable than direct municipal administration—fettered as it is by all manner of regulations. By co-opting citizens in their councils these institutions have the advantage of their personal experience, and a knowledge of the needs and wishes of the tenants is obtained by co-opting some of them from the dwellings concerned. As a rule, the head of the municipal department concerned is elected to the Board, and contact with the town council is secured by the election of a vice-chairman and other members of the Board from their ranks.

The question as to whether institutions of this kind are necessary is a much disputed one. There are local authorities in Holland that have thousands of dwellings in their care without any of the disadvantages of municipal administration referred to. In these communities it has been found that the difficulties associated with direct administration gradually diminish, while distinct advantages accrue as a result of the direct dealings with the tenants.

In those communities in Holland where the authorities have retained the administration of their property, experience has shown that the best course is to entrust this office to the Works and Building Department, for the reason that the actual builder of the dwellings is more familiar with the character of the property than anyone else can be; and it is not until the new dwellings have been occupied for some time that their defects—both from a service and a technical point of view—become apparent. On the basis of the experience thus gained, such defects can be avoided in future buildings.

In GERMANY it is only in cities with large estates that special departments have been created for the administration of municipal house property. In places where special departments exist for the building of dwelling houses it is customary for these departments to undertake the work of administration as well. In some cases this office is filled by departments already in existence, such as Office of Works, Estate Department, etc.

In the various German towns different methods of rent collecting are employed. In some cases an official collector is appointed for the purpose; in others the work is entrusted to firms or private persons. One of the municipal residential colonies in Halle—comprising 83 houses—has been handed over to a housing co-operative society for a period of 10 years, the members of the society being tenants of the colony. Tenants of municipal emergency dwellings in Magdeburg have formed themselves into a co-operative society for the purpose of administering the property themselves.

In VIENNA the administration of city-owned houses is carried out by a special department which appoints housing inspectors for the various districts. In the case of individual housing groups, tenants' councils are formed and these work hand-in-hand with the housing inspectors.

In COPENHAGEN a special section of the Municipal Estate Department is responsible for the administration of the city's house property. Rents are collected by the caretaker or steward.

In OSLO this work is supervised by a committee of councillors, the relative duties being performed by municipal officials.

In SWEDEN the work of administration of the buildings is carried out by the Building and Works Departments. The rents are collected by the caretaker or steward (*"vice Värden"*). Building inspectors for each separate district are also appointed.

In ENGLAND the supervision of all workmen's colonies built by the local authorities is delegated to a municipal official, who is also responsible for the letting of the dwellings, as well as for the execution of minor repairs and for the collection of rents. In the residential colonies belonging to the London County Council in those colonies with less than 750 tenants the rents are collected by a collector appointed for the purpose; in the larger colonies special offices have been opened where the rents have to be paid each week.

In the majority of the reports of the various countries received on this subject, special mention is made of the fact that in the choice of tenants every consideration is given to their social standing: that is to

say, preference is always given to those tenants for whom dwellings erected by private builders and by the Public Utilities Societies are too dear. Large families have first consideration.

SCRUTINY OF TENANTS

Experience in HOLLAND has shown that not every applicant who belongs to the category for which the dwellings have been provided can be accepted as a tenant without some investigation. In the interests of the tenants themselves—as well as in that of satisfactory administration—it is essential that the highest possible standards shall be maintained. Care should also be taken that each family receives a dwelling suitable to its individual requirements. For example, large families should be allotted dwellings with more rooms; the cheaper dwellings should be given to persons of limited means; and dwellings with a maximum of sun should be reserved for invalids. It is therefore considered necessary before letting the dwellings to make careful inquiry as to the conditions under which the applicant lived previously, his conduct in his last dwelling, and whether the rent was paid punctually, also in regard to the state of his health and his circumstances generally. For tenants outside the pale of society and for those who are not in a position to pay a normal rent, special colonies have been built in the towns of Holland and Germany. The dwellings are of the most simple kind and are let at very low rentals.

REPAIRS

In several countries it is stated that minor repairs are executed by the caretakers or stewards themselves and when making appointments to these posts preference is given to practical men, such as paper-hangers, blacksmiths and the like. The workers appointed for this purpose in SOVIET RUSSIA are given a special training. The more extensive repairs and renovations are given to private firms.

All the larger residential colonies belonging to the LONDON County Council have their own repair shops in which workers for the purpose of carrying out repairs are employed. The annual cost of these repairs to the property of the London County Council averages from 1 to 1½% of the building cost.

In COPENHAGEN these costs represent approximately 10% of the rent, and in OSLO about 13 to 14% of the rent. (Rents represent 9% of the value of the building.)

As might be expected, the relations between the municipal administrative authorities and their tenants are not everywhere always of the

friendliest. Complaints have been made in some of the reports received that claims are put forward by tenants in respect of rent and renovations, etc., such as they would never think of putting forward if the dwellings were privately owned.

In all the reports that deal at all with the question of arrears of rent it is stated that the losses sustained by the local authorities from this cause are extraordinarily small. In COPENHAGEN, for example, the figure is only 0.106%. It is pointed out, however, that almost everywhere the most rigorous measures for the collection of rents are adopted. In the event of illness, unemployment, etc., each case is carefully investigated and the rent is either allowed to stand over temporarily or is paid from the funds of one of the public benevolent institutions.

In the GERMAN report the complaint is made that unwarrantable demands put forward by tenants have been supported by friends of the same political persuasion who hold municipal office—and frequently with success.

The report from HOLLAND emphasizes the fact that whatever difficulties may have been encountered in connection with municipal administration, the majority of tenants have only one wish, and that is, to live in peace in orderly dwellings suited to their needs—and that they will be perfectly satisfied when this wish is fulfilled.

According to reports received, more importance is attached in Holland to the educational functions of an adequate administration than in any other country. For this reason preference is given to women especially trained in social matters. Due to their regular visits on rent days and other occasions they become personally acquainted with their tenants, who in many cases belong to the very poorest classes. They do their best to educate the tenants in matters affecting the care of their dwellings and are always ready to help them in their troubles.

THE ADMINISTRATION OF PUBLIC UTILITY DWELLINGS

The only real difference between the administration of the Public Utility building Societies, the housing companies, and the local authority administration as described above is that the former is more flexible in character.

There is a much greater difference in the case of those Public Utility societies that let their dwellings to the members. Most of these have succeeded in interesting their members in the advancement of the co-operative movement to such an extent that they have come to take far greater care of their dwellings than is usually the case elsewhere.

With the smaller co-operative building societies the work of administration and inspection is done in an honorary capacity, and in the case of the larger societies officials are appointed for the purpose, who are assisted by special committees of tenants.

As a rule, the members of these societies are not given a dwelling until they have paid up a certain percentage of their shares, and it stands to reason that a tenant who feels that he is also part owner of the property is naturally inclined to take care of his dwelling and have a general interest in the proper maintainance of the society's estate as a whole. The co-operative building societies also find it necessary to insist upon punctual payment of rent—as rents are calculated in most cases with little or no margin as there can be no very large reserves to meet possible losses from this source.

An institution created by the workers' co-operative building society in WARSAW is very interesting in this connection. Reference is made to a kind of rent insurance company on a reciprocal basis which in case of need undertakes the payment of rent.

It should also be mentioned that in many countries efforts have been made to separate completely the administration of Public Utility dwellings from actual building operations—the idea being to leave the work of preparation and the actual building, as well as all financial matters, to a central organisation equipped with an efficient and highly qualified staff, and decentralise the work of administration by establishing subsidiary organisations or more or less independent co-operative societies for the purpose.

We have an example of this policy in the Workers' Housing Society ("*Arbejdernes Andelsbolig Forening*") in COPENHAGEN which as central co-operative society is the sole owner of all the dwellings it has built, but which are administered by subsidiary companies or societies having a certain measure of independence. The General Housing Company of Copenhagen ("*Københavns almindelige Boligselskab*"), another example, has established for the same purpose 14 subsidiary limited liability companies which, although under the direction of the parent company, are each absolutely independent economically.

The central organisation of the important H.S.B. co-operative society of SWEDEN confines its activities to the execution of its building projects and to financial and other operations that can best be left to a central organisation—the finished property being handed over to the care of subsidiary companies composed of those co-operative members who have become tenants of the dwellings in question.

From an entirely different motive we find that the growth of the *Wohnungsfürsorge-Gesellschaften* (Housing Companies) in GER-

MANY has led to a policy whereby the preparation and execution of building projects is left to them. And the co-operative building societies, for whom the buildings are erected, operate more or less as administrative organisations. This line of development is most noticeable in the "Dewog" movement, where the preparation and execution of building projects is left to the central organisation of the "Dewog" and its local subsidiary companies, whilst the activities of the co-operative societies—which are organised in one central union—are more or less restricted to the management of the completed dwellings.

In this connection the development of the house leasing co-operative societies in SOVIET RUSSIA is of especial interest. After the expropriation of tenement house property in the towns in the year 1917, the care of these houses was entrusted first of all to special committees elected by the local organs of the communal government. Later on, after the introduction in 1924 of the law affecting co-operative housing societies, a complete reorganisation of administrative methods was undertaken in accordance with co-operative principles. So-called house leasing co-operative societies were founded. These take over the tenement houses belonging to the State on lease terms. On January 1st 1931, about six years later, the property in their care comprised approximately 35 million square metres of dwelling area with about 6,000,000 tenants. They have spent large sums of money for the upkeep of the dwellings in their care, and by means of a more practical use and better distribution of the renovated dwellings they have succeeded in raising the standard of dwelling per head of the population. As quite a large number of houses remained outside the control of the co-operative societies, so-called government House Trusts were formed for the purpose of their administration. These trusts, however, did not prove satisfactory and the administration of their dwellings, since the beginning of 1931, is gradually being changed for co-operative management.

SOCIAL ACTIVITIES IN HOUSING COLONIES

As can be seen from a number of the reports received, there is everywhere a wider and steadily increasing recognition of the doctrine that the creation of better housing conditions constitutes one of the most important essentials for the social and educational development of the people and is, in fact, of vital importance to the whole life of the population.

The concentration of house building in the local authorities and public utility organisations after the war made it possible for so-called accessory institutions to be created in the larger housing groups and

colonies, viz., communal institutions with modern equipment which augment in various ways the modest pretensions of the small dwelling.

In the new blocks and colonies we find, for example, communal laundries equipped with electrically driven machinery and every other technical accessory, all calculated to save the housewife in poorer circumstances a tremendous amount of work. Play grounds for the children have also been provided, as well as wading pools, public gardens, sports grounds, kindergartens, children's shelters and public departments for giving advice on social matters. In some places halls for social gatherings have been provided and provision has also been made for all kinds of entertainment, such as lectures, concerts, theatrical performances, cinema exhibitions and the like. There are also libraries, reading rooms, club rooms, etc., for the use of the tenants.

Public utility building activity, which was flourishing in GERMANY before the war, had already accomplished much in this direction and it has been possible since then to make numerous improvements and additions. Nowadays institutions of this kind are provided all over the country.

Noticeably in VIENNA—where the local authorities have been exceedingly active in the matter of dwelling house building—these institutions are to be found in large numbers and in great variety.

Reports from DENMARK, GERMANY, ENGLAND, HOLLAND, ITALY, NORWAY, POLAND, SWEDEN, SWITZERLAND and SOVIET RUSSIA all show that a great deal in this direction is being undertaken. Several of the more important co-operative building societies of Germany and Switzerland published special journals for their members with a view to establishing permanent relations between the management and the individual members and in order to encourage the latter to co-operate in every way in the work of the society.

In SWEDEN we find that the H.S.B. particularly has been very active in this direction and with considerable success. Of especial importance is the fact that it has even gone so far as to found a seaside resort and holiday homes etc. for its members.

In SOVIET RUSSIA considerable importance is attached to the creation and development of communal institutions of this kind. One of the co-operative societies in Moscow built in 1929 a "house for 1,000 persons" strictly on the communal principle. There is a common kitchen with dining hall, a club with library and reading room, a nursery where small children are looked after during working hours, kindergarten, lecture halls, solariums, etc. In Moscow and other towns a number of houses of this type are in course of construction. According to the official plans drafted by the State Commission it is intended,

starting with 1931, to construct 50% of all dwelling houses in such a way that the needs of the tenants will be taken care of in public or communal kitchens, to the exclusion of the individual kitchen. This principle is to be adopted as far as possible in the new industrial towns now in course of construction.

In SOVIET RUSSIA it is intended to make improvements on these lines to existing dwelling houses, and a law is already being drafted, whereby 10% of the gross income from rents will be reserved for providing institutions that will contribute to the comfort of the tenants.

CAN PRIVATE ENTERPRISE UNAIDED MEET THE NEED?

In preparation for the discussion of this question information has been collected in relation to present cost of building and building land, the cost of financing building projects and the rents resulting therefrom, as well as the relation of rent to income.

As compared with pre-war figures the cost of building has risen enormously—in France 60%, in Denmark 62.5%, in Germany 89% and in America more than 100%. In many countries building costs have increased to a greater extent than the average incomes of the poorer classes.

COST OF BUILDING AND SITE

When we circulated the request for details on the subject of building costs we were quite aware that the information we should receive would not necessarily admit of simple comparisons being drawn up, the main object being to study the questions of the basis for rent charges and the relation of rent to income.

As is shown by the reports received from the various countries, the conditions that affect the cost of building differ considerably—not only as between the various countries, but also within the countries themselves and, in fact, within one and the same district.

The various conditions and circumstances that contribute to the increase in building costs are so numerous that we shall only be able to refer to them here in summarised form. We find for example that the wages paid in the larger and smaller towns of one and the same country differ considerably, and the prices asked for building materials are more or less influenced by the standard of comfort catered for.

In HOLLAND the cost of building in one and the same town is considerably lower when the building plot is situated in the immediate vicinity of a canal, as in that case advantage can be taken of much cheaper freights than when the plot is at a distance from the waterways

and the building materials in consequence have to be re-loaded into carts.

The character of the ground to be built upon also plays an important part in the matter of costs. In many of the towns in Holland there are clay, sand and boggy foundations bordering on each other, so that in one and the same district we find good foundations cheap to build upon, and others where the employment of expensive piles or reinforced concrete is necessary.

Building costs in HELSINGFORS and STOCKHOLM are considerably increased by reason of the fact that the buildings are erected on granite foundations, and trenches of a depth of two metres have to be made by blasting operations to take the drains, water mains and the like.

The economies possible in POLAND in consequence of the low wages paid are in many districts more than offset by the high cost of building materials, due to the lack of efficiency in the building trades.

In GERMANY, AUSTRIA and other countries the price of building land has dropped, but it is reported from CZECHO-SLOVAKIA that in towns where house building is at all active the prices asked for sites have risen 100%. It is remarkable too, that in the towns of Poland, and particularly in WARSAW, prices for building land are steadily increasing. This is not explained by the existence of any great building activity, but is attributed solely to speculation.

Generally speaking, the costs of land development have risen in the same proportion as building costs.

One important element in the increased building costs is the changed standard of dwellings built, particularly evident in the better equipment of small dwellings. For this reason it is not possible to draw up a simple comparison of pre-war and current building costs per cubic metre of enclosed space or per square metre of dwelling area.

In recent years architects and town-planners in the various countries have been giving greater consideration to the question of building costs and what methods can be employed to reduce them. Experts have been busy with the standardisation of plans and fittings and with the scientific investigation of building materials, processes and methods, the rationalisation of building organisation, improved planning of land development, cheapening of road construction etc. The relative authorities in the various countries have also given due consideration to these questions and have favored the grouping of dwelling houses in large coherent units and the use of standardised plans and fittings. In many countries considerable sums from public funds have been voted for research work, and in Germany a special society for scientific research

in matters relating to building and housing (*Reichsforschungsgesellschaft für Wirtschaftlichkeit im Bau- und Wohnungswesen*) has been established with funds provided by the State.

COST OF FINANCING

Far more serious in its consequences than the increase in building costs is the dearness of building capital. Before the war in FRANCE the interest on mortgage loans was only a little more than 3%, whereas to-day as much as 5% has to be reckoned with.

In DENMARK first mortgage loans negotiated in the open market cost to-day $4\frac{1}{2}$ to 5%, in SWEDEN $4\frac{3}{4}$ to 5%, in NORWAY $5\frac{1}{2}$ %, in ENGLAND, FRANCE and SWITZERLAND 5%, in CZECHOSLOVAKIA and UNITED STATES OF AMERICA 6%, and in BELGIUM 6 to 7%. The highest rates are paid in those countries that suffered most from the war and from the economic depression that followed in its train. In GERMANY, for example, where only $4\frac{1}{2}$ % or even less had to be paid for first mortgage loans before the war, as much as 9% has to be paid to-day. In FINLAND 8 to 9%, and 10% or even more has to be paid in POLAND. Second mortgages are, as a rule, either not obtainable at all in the open market, or else very high rates of interest have to be paid. This otherwise difficult problem has been successfully solved in DENMARK by the formation of so-called Mortgage Loan Societies, which are so constituted that its borrowers elect a committee with the power to pass resolutions and this committee appoints the management of the society.

THE RELATION OF RENT TO INCOME

The problem of housing is not merely a matter of providing mankind with just some sort of dwelling at a rent that the most modest of incomes will allow. If that were all, and if we could be satisfied to look on while large sections of the population are corrupted and demoralised by the slums and evil surroundings in which they live, then we could say that in most countries the housing problem has already been solved.

Nor is it a question of constructing well-appointed apartments with a maximum of comfort regardless of whether persons of limited means are in a position to pay the necessary rent, or not.

On the contrary, the housing problem is how to provide dwellings for those of limited means so that every consideration is given to the requirements of modern civilisation and to the size of the tenant's family, while rents are kept at a level that is in fair proportion to the tenant's income.

As to what is a fair proportion of rent to income no general rule can be laid down that would be applicable everywhere, as very much depends on the recognised standards of living in the various countries, and on the purchasing capacity of the wages earned.

The chief consideration is that the amount left over from the tenant's wages after the rent has been paid shall be sufficient to maintain a normal standard of living for himself and his family.

There is an old empirical adage to the effect that one day's wages should be enough to pay one week's rent. As a matter of fact, it was generally recognised in many countries before the war that about one-sixth to one-eighth of income was a fair proportion for rent. Statistics compiled in Holland recently show the same result. The housing authorities in Amsterdam circulated a questionnaire in 1925 among 14,000 tenants of Municipal and Public Utility dwellings, and another among 2825 municipal workers. The result was the same in both cases, viz. that the amount paid for rent represented on the average one-sixth of the total expenditure.

The problem of adjusting rent to a fair proportion of income is made more difficult by the fact that the requirements of the tenant in regard to space become greater as the size of his family increases, while his income remains at the same level, so that in consequence of increased expenditure for food and clothing etc., the amount available for rent becomes less.

In some countries, and especially since the war, attempts have been made by the authorities to bring about a reduction of rents to a point that can be paid by the poorer classes without causing hardship. This was accomplished—as far as pre-war dwellings are concerned—by the Protection of Tenants Act, while with reference to new dwellings, rents have been modified as a result of various forms of house building promotion. Reports show, however, that in some countries, for example England, even those dwellings built with state or municipal aid for the lower working classes are still too dear. This is even truer of Germany where only a comparatively small part of the buildings erected after the war could be made use of by the lowest paid sections of the working classes.

Attempts have been made in some countries to so adjust rents that the amount any particular tenant has to pay for a dwelling large enough for the size of his family shall be in fair proportion to his income.

At Welwyn Garden City in ENGLAND in the case of 300 houses belonging to the Urban District Council and 225 houses belonging to

Public Utility Societies basic rents were slightly increased and a surcharge to the rent of 1s. per week was collected from the tenants for every case of sub-letting. The additional amounts thus obtained went into a special fund from which a rent allowance of sixpence per week was granted for each child from the date of its birth until leaving school.

In SOVIET RUSSIA the principle of adjusting rent to income has been officially adopted. When calculating the rent for any particular dwelling the amount that is necessary to cover the cost of amortization and maintenance for a well-appointed apartment is taken as a basis. This amount is approximately 30 to 44 copecs per square metre, varying according to the size of the town, and deductions are made for less favorable localities or furnishings, or because of the distance from the centre of the town, or the absence of electric light, or canalisation, etc. The rent is then calculated for each individual tenant on the basis of this figure, consideration being given in the form of deductions or additions for the social standing of the tenant, his income and the number of his dependents unable to earn a living. These rents apply to dwellings with an area of 9 square metres per head, plus a supplementary area of $4\frac{1}{2}$ square metres per family.

Members of the learned professions, who require a better type of dwelling, pay the same basic figure for a supplementary area of 19 square metres. For dwellings of a larger area a higher rate has to be paid.

IS PRIVATE ENTERPRISE ALONE SUFFICIENT?

HAS THE TIME COME WHEN STATE AID CAN BE DISPENSED WITH AND THE RESPONSIBILITY FOR THE PROVISION OF DWELLINGS TRANSFERRED BACK TO PRIVATE ENTERPRISE?

This question is dealt with in the various reports, as follows:

BELGIUM

The average income of the broad masses of the population (industrial workers) may be estimated at 1250 francs per month, or 50 francs per working day. It was reckoned before the war that the wages for 3 working days would pay the rent for the month, so that on the same basis the worker to-day could afford to pay 3 times 50 francs, or 150 francs per month, or less than one-eighth of his income. Private enterprise on a profit producing basis is not in a position without support from public funds to supply a sufficient number of small dwellings of a suitable standard to meet the requirements of the broad masses of the population at rents they can afford to pay.

Why? Because the profits on invested capital would not be sufficient. The rents that could be asked would not suffice to cover interest on capital, cost of maintenance and taxes.

DENMARK

A worker in average circumstances would possibly be able to pay the rent required for dwellings built by private enterprise, which as a rule is from 15 to 33% higher than that for dwellings erected on public utility lines, but this would mean a lowering of the dwelling standard, so that he would have to manage with 2 rooms instead of 2 rooms and an extra chamber, or 2 rooms and chamber instead of 2 rooms and 2 chambers, which latter is the proper type where there are grown-up children of both sexes. That part of the population whose earnings are small and who are exposed to the evils of unemployment, illness and the like, or are burdened with large families—and for these reasons can only afford to spend a small part of their income in rent—could under normal conditions also pay a rent acceptable to private enterprise, if housed in the old dwellings of the inner precincts of towns and cities—which in respect of size and lack of hygienic appointments are in every way unsatisfactory.

Should we be satisfied to look on while this class of dwelling rises in value from an investment point of view to an extent which in view of its character is altogether unwarranted? On the other hand, it must be admitted that an active social policy in building must ultimately lead to the abandonment of unhygienic dwellings, which would then drop in value to such an extent that they would very soon be sacrificed to the house-wrecker's pick, while such dwellings as are still serviceable—although small and behind the times—would be at the disposal of workers on the lowest wage schedule, which would be in keeping with the natural order of things.

GERMANY

The author of the German report, after a lengthy discussion on the question of building costs and finance, has arrived at the conclusion that "it is quite impossible without support of this kind from public funds to construct small dwellings for the broad masses of the population which can be let at rents they can afford to pay."

ENGLAND

It is hardly possible at present for private builders to build houses for letting without assistance.

FRANCE

As in most other countries, the economic conditions resulting from the war have made it impossible for private enterprise in France to provide dwellings on a profitable basis for the requirements of the broad masses of the population and of the middle classes. In some form or other it has been necessary for the State or the local authorities, according to the class of dwellings erected, to render assistance. The necessary means have always been provided through the normal channels of the Budget, without the imposition of any special form of taxation.

This state of affairs will continue until such time as wages shall have increased in corresponding degree to the increased cost of capital for building as compared with pre-war rates, and in proportion to the increase in the building cost index.

In the Paris district—and one might say in the whole of France—private enterprise has not built a single dwelling for the worker on a profit-earning basis.

FINLAND

When we deal with the question of the relation of rent to income in Finland we are touching upon the darkest phase of the housing problem, it being a regrettable fact that the disproportion between these two factors caused by the war is still acute. . . . It can be generally assumed that in Helsingfors the rent a worker has to pay represents approximately 30% of his income, while cases are known where commercial and civil employees have to pay as much as 50% of their salaries for rent. The normal percentage for a worker before the war, for example in 1913, was calculated to be 12 to 15%.

It must be obvious to everyone that this is an impossible state of affairs. It is generally regarded as a phenomenon peculiar to periods of transition, which must gradually, although perhaps very slowly, disappear.

HOLLAND

1. In spite of the fact that dwelling house building with assistance from public funds has declined considerably during the last 8 years, very few workers' dwellings—in the strict sense of the word—are being constructed by private builders, and none at all for those of the poorest classes.

2. In most communities dwellings for the middle classes are being built in sufficient numbers by private enterprise, but in some of the smaller towns this is not the case.

3. The rent minimum below which private enterprise is not in a position to supply anything approaching the number of dwellings required varies considerably in the case of towns with more than 20,000 inhabitants. For most towns, however, this figure is between 5 and 7 guilders per week.

4. The chief reason why dwellings at lower rents than these are not built by private contractors is because the cost of construction is such that the rents obtained would not show a satisfactory margin of profit. In some towns there are other causes which lead to the same result.

ITALY

The small two-roomed dwellings—in reality, one room and kitchen—constructed by the Public Utility Institution for the Provision of People's Dwellings at a minimum rent of 1250 lire claim as much as 23% of the average worker's income. This is a comparatively high percentage of income; especially when it is considered that a 2-room dwelling is the absolute minimum where there are children. If the minimum rents that have to be paid for the dwellings of these Public Utility institutions—although below the normal standard—are still out of proportion to the wages earned, it must be obvious to everyone that private enterprise, which is excluded from the benefits of cheap building land and the provision of loans on favorable terms, is still less able to provide dwellings for the working classes at reasonable rents.

NORWAY

At the present time private enterprise on a profit-earning basis is not in a position to build small dwellings for the broad masses of the population without financial support. This is explained by the high cost of building and by the fact that it is exceedingly difficult, if not impossible, to obtain loans at a reasonable rate of interest unless the authorities are prepared to guarantee their payment.

POLAND

Private enterprise is certainly not in a position to build dwellings to-day the necessary rents for which would be within the means of the broad masses of the population.

SWEDEN

Private enterprise on a profit-earning basis has not provided small dwellings in anything like sufficient numbers or of a suitable grade—at any rate, not such as can be let at rents that the broad masses of the population can afford to pay. The reasons for this are various. The high prices paid for land and the increased cost of building have, in the first place, given rise to the wildest speculation in the open building market. And as there is a shortage of good-class larger dwellings, this class of property is regarded as a more promising object for speculation than houses with small dwellings of an inferior kind.

SWITZERLAND

In the 350 Swiss communities for which building statistics have been compiled, roughly 60,000 dwellings were constructed in the five years 1926—30. Of these, 800 were built by the local authorities and 10,000 with assistance from public funds. Thus it will be seen that by far the greater number were erected by private enterprise. This is explained chiefly by the fact that, on the whole, wages in Switzerland to-day are higher in respect of their purchasing capacity than before the war, so that most workers and employees are in a position to pay rents on the basis of which house building becomes a paying proposition. This has been the case since 1926 when the building cost index was stabilised at about 170 (1914 = 100) and the Protection of Tenants Act finally repealed.

At the same time, private enterprise has not been able to meet the requirements of the lower working classes or of those with large families. This had to be done either by the local authorities or with assistance from public funds, and by this means it has been possible in Zürich to construct typical worker's dwellings of 2 and 3 rooms that can be let at rents on an average 25% cheaper than buildings erected by private enterprise.

CZECHO-SLOVAKIA

Even taking into consideration the recent drop, since 1930, of about 10% in the cost of building—which, as we know from experience, could hardly be maintained in the event of a revival of building activity—there is nevertheless not the slightest doubt that private enterprise on a profit-earning basis is not able to supply satisfactory dwellings in sufficient number for the broad masses of the people and at rents that they can afford to pay.

HOW CAN BUILDING ENTERPRISE BE ORGANISED SO AS TO ENSURE THE NEED FOR SMALL DWELLINGS BEING MET IN A SATISFACTORY MANNER?

The reports from the various countries, as is quite natural, are restricted more or less to present-day conditions and practically no opinion is expressed as to what the future development of housing may be.

On the basis of these reports the following thesis may be advanced: The promotion of dwelling house building on the part of public bodies and the State and local authorities, which is evident in almost every country—demonstrates the fact that there exists a general appreciation of the great importance socially of the conditions under which the broad masses of the people live.

In almost every country efforts of this kind are being made as a result of a proper appreciation of the social importance of housing. Developments in this direction are in some countries very far advanced and it is evident that the housing shortage caused by the war has been the means of rousing the authorities to the highest pitch of activity. In several countries, as for example in ENGLAND, where activity on these lines is at its greatest, this work was begun before the war and the systems employed at present are the outcome of earlier experiments.

In other countries—and we are thinking particularly of Holland—work in this direction is still being done, but to a considerably smaller extent than was the case 8 or 10 years ago. The promotion of dwelling house building in HOLLAND during the latter half of the war—and especially in the first few years following the war—was actively undertaken by the State and the local authorities. It was at that time that the idea was prevalent in government circles that money was of no account. Following this period of state support there came a sudden change of opinion; and there is no doubt that current ideas in Holland on matters of state support for housing constitute a step backwards, as compared with the views held shortly before the war.

On the other hand, we find that in FRANCE and CZECHOSLOVAKIA there has recently been increased activity in the right direction, which is very promising for future developments. Dwelling house building in GERMANY has been given a great impetus since the war, but is now suffering from the general economic depression.

It is not necessary to explain that the present world-wide crisis in trade is bound to have a very damaging effect in most countries on the efforts put forward in this direction, since any kind of undertaking

that calls for considerable financial support from government or other public funds cannot hope to be successful under generally unfavorable trade conditions. This applies to those countries where there is an earnest desire to bring about an improvement in housing conditions as speedily as possible. It is, of course, always a debatable point as to whether in matters of public support preference ought to be given to one particular branch of reform to the exclusion of others. In any case, some limit must be put on the burdens that a country can be expected to bear in a given period in the interests of social reform.

From all the reports received it is clear that in no single country has it as yet been possible to realise the aims of housing reform to the extent this important problem deserves. Different methods are employed in different countries. Each method has its own peculiar merits under given conditions and it is only in connection with these individual conditions that the merits of any special method can be judged. The most successful method is always the best.

Reports have been received from some countries to the effect that a housing shortage—in the real sense of the word—either no longer exists or is well on the way to being finally remedied, but the questions of sanitation and slum clearance are still as pressing as ever. Almost everywhere we find expression of the opinion that before we can begin with the demolition of our slums a sufficient supply of better dwellings must be created to accommodate tenants at present occupying dwellings unfit for habitation.

In other countries less progress has been made and the work of making good the shortage of dwellings and creating a satisfactory supply will have to be continued with unrelaxing energy for many years to come.

In this connection the question has been frequently raised during the recent years of economic depression as to whether it might not be advisable to temporarily modify the standards for new dwellings. On the other hand, it is contended that it would be a great mistake to interfere in any way with the improved standards, reached in many countries only after many years.

It must not be thought that the advocates of this principle are unmindful of the present economic situation. What they contend is that it is better to build a smaller number of dwellings in keeping with present standards of hygiene and comfort, rather than fall back below a level, to reach which so much effort has been expended. Their idea is that the improved standards of their respective countries must be maintained under all circumstances.

Although the results obtained in the promotion of dwelling house building differ in the various countries, the situation in one respect appears to be everywhere the same, viz. that it will be a long time before the higher grade dwellings—which involve greater expense in respect of interest, capital reimbursement and upkeep—can be placed at the disposal of the working classes, whose wages even when in regular employment will not permit the payment of a rent sufficient to cover the cost of construction of a higher class dwelling.

The figures received dealing with the relation of rent to income show different results for the various countries, but it is generally agreed that the amount required for rent ought not to exceed a certain proportion of income, as otherwise the dwellings concerned will be beyond the means of the workers who are in need of them.

The efforts hitherto put forward by advocates of housing reform, and which have brought about an appreciation of the social and political importance of housing, indicate clearly the direction the housing policy of the authorities will have to take in the immediate future.

It is evident from the reports received that the question of housing reform embraces two problems.

First, the provision and maintenance of an adequate supply of satisfactory dwellings and

Second, the adjustment of rent to the incomes of those who need the dwellings, including also those cases where the better-class dwellings would otherwise be beyond the means of those in need of them.

In some countries efforts may already be directed to the solution of the second of these problems—the adjustment of rent to income—but in others the question of making good the still serious shortage of dwellings and the creating of a satisfactory supply will demand the undivided attention of all concerned for some time to come.

It is obvious therefore that the necessity still exists for the State and the local authorities to carry on with the work of improving housing conditions. The time is still far distant when efforts in this direction may be relaxed.

SMALL DWELLINGS AT LOW RENTS IN EUROPE

One of the subjects discussed at the International Housing Congress held by the International Housing Association in Berlin last June, was the question of building small dwellings that could be rented at reasonable rents. The term dwelling in this case meant the habitation—not as in the United States a separate small house—but the living

quarters of a family; and was applicable, therefore, to apartment houses and tenements, quite as much as to private houses.

In connection with the presentation of this subject, an attempt was made by means of a questionnaire sent out to leading housing experts in all the countries of Europe, to obtain information that would serve as a basis for a comparative study of the types of "dwellings" erected in those countries, their sizes, their arrangement, their site plans, the rents charged, the conveniences provided—in fact, a graphic picture of living conditions.

That such an attempt was bound to fail must be obvious. Conditions vary so—methods of compiling facts are so different in different countries—that to expect to get anything out of this that would be closely comparable was, indeed, to be optimistic.

However, the effort was not without its valuable results. Franz Schuster, an architect of Frankfurt on Main to whom was assigned the preparation of the Report on this subject, with the information thus obtained—while realizing the difficulties of his task and the fact that no accurate comparison was possible—has, however, presented in valuable form, the results of the returns from this questionnaire.

Recognizing the limitations of this data, he says in his Report:

If in spite of this the following work is published, it is mainly that it may pave the way for an international comparison which will show the present state of the building of small dwellings in various countries, and will clearly indicate the need of making preparations to deal with this matter in a more detailed and comprehensive manner later on.

Considering the information obtained from the various countries in Europe, Mr. Schuster discusses it under the two broad heads of Site Plans and House Plans.

Under these two headings he considers the practice in the following countries: Belgium, Denmark, Germany, England, Finland, France, Holland, Italy, Latvia, Norway, Poland, Austria, Sweden, Switzerland, Czechoslovakia, the United States and Russia.

From the point of view of site plans, the practice in each of these countries is considered with regard to the kind of buildings most employed and the density of land occupancy.

In considering the house plans of the dwellings that are being erected, and that have been erected in recent years, in these various countries, he considers the subject from 10 points of view as follows:

Standardization of the Plan; Regulations for Dwellings Built with Public Funds; Minimum Sizes; Height of Rooms; Heating; Kitchens; Baths—Individual and Communal; Wash Houses; Cup-

boards and Conveniences; Standardization of Building Parts; Centralized Purchase of Building Materials; Large Scale Housing Developments; Cost Reduction by New Materials and Methods.

The facts with regard to each of these aspects of housing will be found set forth for 17 different countries in Mr. Schuster's Report, illustrated with numerous pictures of the more recent buildings erected in the respective countries.

The second part of the Report consists of Site Plans of "siedlungs", or housing colonies, in these countries—there being generally from 2 to 3 such plans given for each country, in some cases more and in some cases less. Part III is given up to a similar presentation of House Plans of typical houses built in recent years in the countries in question—there being as a rule 5 such plans, showing first and second stories, for dwellings in each country.

Architects and city planners practicing in the field of housing in the United States, or who are interested in the housing question from that point of view, will find it advantageous to obtain a copy of Mr. Schuster's Report. It is known as Congress Publication No. IV, and can be obtained upon application to the International Housing Association, Hansa-Allée, 27, Frankfurt on Main, Germany, price 6 marks.

RECENT HOUSING DEVELOPMENTS IN THE CENTRAL EMPIRES

For those who cannot take the time to visit Germany, Austria, Czecho-slovakia and other portions of Europe where there has been great housing activity since the War, a comparatively simple and quick means of becoming acquainted with the progress in the housing field that has been had in these countries, is to be found in one of the Congress Publications, issued by the International Housing Association, on the occasion of their recent housing meeting in Berlin (Congress Publication No. I, International Housing Association, Hansa-Allée, 27, Frankfurt on Main, Germany).

In a special number of the Journal *Housing and Building* of 88 pages, copiously illustrated with very attractive and large-scale half-tone plates of some of the latest and most interesting housing "siedlungs", or colonies, that have been developed in Germany, and nearby countries, there are presented the fundamental and most interesting facts with regard to this subject in the cities of Berlin, Prague, Dresden, Breslau, Leipzig, Halle, and the heart of the central German industrial district.

An excellent panoramic view of the efforts being made in the housing field in these countries is obtained from merely turning over the pages of this interesting Report and studying the illustrative material of which it is so largely composed.

The International Housing Association has rendered a real service to the cause of housing in all countries by the publication of this Report.

All of these Reports—these Congress Publications—that we have referred to can be obtained from the International Housing Association, Hansa Allée, 27, Frankfurt on Main, for \$5.

PLANNING, FINANCING, CONSTRUCTION—ONE OPERATION

SEARS, ROEBUCK'S HOME BUILDING WORK

Residential construction has suffered the longest and severest depression in the entire vast building industry; the longest since war days. No considerable or permanent recovery in the construction industry generally may be expected except under the leadership of residential building.

As a result of the long lag in residential construction, the oversupply of housing of a certain character has been largely though not entirely absorbed, and the general confidence or "will to buy" on the part of the public, which would largely balance this oversupply by writing off obsolete houses, awaits more attractive offerings by builders generally.

Hope for a pronounced increase in new residential construction lies largely in the direction of adding to home owners from among those who in the past have been held in the renters' class—in many instances in obsolete or inadequate housing—by high cost of financing and construction and lack of standardization of residential values.

Small home construction must be organized to appeal to thousands of families who are now unable to own their homes because of these factors. The decline in homes economically practicable for this large class actually started at the end of 1925 while the decline in construction of residential buildings as a whole was delayed two and a half years after that. Therefore, the first renewal of demand in residential construction may be expected in small house building. Aside from this class of residential construction, the industry has at the present a productive capacity considerably larger than it can profitably employ in the near future, and realization of this fact was one of the really hopeful developments of 1930.

In other words, the home building industry must organize a selling campaign for the benefit of the buyer, not for the exclusive benefit of the builder, the real estate owner, the contractor, and the money lender—all of whose profits under the existing system are pyramided upon the home buyer at the end of the operation.

Under present conditions about 60% of the population of the country is financially able to buy homes that are properly built and financed. When enough individual units in the industry are able to offer mass production and diminishing prices both as to construction operations and financing, a substantial demand for new residential construction may be expected to develop quickly.

Low money rates as they appear in market quotations will not provide the necessary stimulation and, as far as the average buyer of a home is concerned, are frequently more apparent than real. Nominal mortgage money at 5% or 6%, after it is linked in with profit on the lot, service charges, contractor's profit, second mortgage bonuses and heavy discounts, becomes so top heavy an item in building costs as to be prohibitive for a large proportion of families who would with low costs be able to own their homes.

In the organization of our Home Construction Division, Sears, Roebuck and Co. struck directly at this condition. Not only our experience in the past years, but the experience of the building industry as a whole has vindicated the plan by which the buyer of a home can know at the start what his new home is going to look like, what it is going to cost him, how he is going to pay for it under one financing operation without bonuses for renewals. Under such a system he assumes no risks from after-thoughts or mistakes of the builder or the architect, and no costs that are not included in the original "Selling—Building—Financing" plan.

Although the total of residential construction in the United States for the year 1930 was more than 40% less than in the year 1929, the home construction activities of Sears, Roebuck and Co. for the year showed a substantial gain over the preceding year, and in 1931, so far, our share of the total residential construction has increased also.

The year 1930 was the first full 12 months operation on a national scale of our new combined planning, financing, and construction plan under which we lend the owner of a lot as much as 75% of the combined value of the house and lot, build the home for him, either by plans of his own architect or plans supplied by our architectural department, and permit him to pay off the loan in monthly installments, over 15 years, with interest at 6%, amounting to \$8.56 on each \$1,000 loaned.

It represented a considerable liberalization of a financing plan we had been trying out for several years.

We struck the worst year for residential building in a decade, and yet increased our business. Any factor in the residential market which is out of line with the general picture becomes of immediate interest not only to home builders, but to the country generally, since residential construction is the most accurate barometer in studying construction trends. The cause for our increase while other residential lines declined, unquestionably lay in the co-ordination in our plan of all basic factors in home building—planning, financing and construction—into one operation. This fixed responsibility for the entire job, as a finished package, in one place.

It has been estimated that only 1 out of 10 home owners plans and builds his own home. The remaining 9 buy their homes already built, undoubtedly, in many instances, sacrificing much of the satisfaction which comes from a home planned for the personality it is to serve as a more or less permanent background. Clearly, in many instances, this sacrifice is due to the natural timidity with which the prospective home owner approaches the venture. To him, in most cases, it is as mystifying an undertaking as it would be to purchase an automobile piece-meal and assemble it. In the majority of cases the prospective home builder has no assurance either as to what he needs and can afford, what it will cost him ultimately, or whether it will be satisfactory if and when assembled. Our co-ordinated programme embraces at once the preparation of plans, the selection and purchase of materials, and the construction and architectural supervision, all as one project and one responsibility. As the purchaser of an automobile buys his car assembled and tested, and rolls it off the floor, so the purchaser or builder of a home through Sears-Roebuck buys only the completed job. But the home buyer has this advantage—the package is, or at the builder's option can be, especially designed for him either by his own architect or by the company's architectural department, and the company assumes full responsibility for the result.

Obviously, in so intimate an operation as home planning, the rigidity of a too strongly centralized organization must be avoided. The risk of a 15-year residential mortgage, even with monthly curtailments, must be protected, not only by control over the quality of materials but also by a close and sympathetic knowledge of the financial background of the buyer. And besides, our home buyers must be thoroughly satisfied and happy in their purchase, because we hope thereby to secure them as continual customers for our mail order and retail store units.

All of our labor and some of our materials are purchased locally; our organization, therefore, must know not only the financial background of the prospect but also of the local market. Every effort is made to identify our organization closely with local community interests. Our own best interest and the best interest of our customer demand this.

I believe that during 1932 substantial progress will be registered in the direction of providing better housing quarters, tenant owned, for thousands who under existing conditions in the construction industry generally cannot afford them, and that an upturn in residential construction, pronounced enough to point the way for an early return to general prosperity, will be shown.

HARVEY L. HARRIS

Sears, Roebuck & Co., Chicago

CITY PLANNING MOVEMENT NATION WIDE

A Report issued by the U. S. Department of Commerce through its Division of Building and Housing a few months ago points out that City Planning Commissions at the end of 1930 had been established in 786 different municipalities throughout the country. This is an increase of nearly 100 such bodies in a period of 2 years.

In addition to these local city planning bodies, regional planning commissions, both official and unofficial, to the number of 67 have been established in the United States. There are also 38 municipalities in which this function is performed by unofficial boards or groups—usually appointed by the mayor or other administrative official, or representing local civic organizations—and functioning generally in an unofficial advisory capacity.

According to the Report, using the latest census figures, 93 cities of over 100,000 population each—including within them a total population of over 36,000,000—and 83 other cities with a total population of over 34,000,000 people are reported as having planning commissions.

In the group of next largest cities, ranging in population from 25,000 to 100,000 in each, with a total population of nearly 13,000,000, it is found that 174 of these 284 middle-sized cities have planning commissions affecting 8,000,000 people. The remaining 529 communities having planning commissions range in size from less than 500 inhabitants to as many as 25,000.

That the movement is nationwide is evident from the fact that nearly every state in the Union—46 states and the District of Columbia—have city planning commissions.

Massachusetts leads among the states in the number of such commissions, with 117, followed by New York with 104, California with 97, Ohio with 73, and Pennsylvania with 56.

The majority of the more recently established planning bodies seem to be located in moderate-sized communities, which holds promise of increased usefulness for the country with the emphasis that it lays upon preventive work.

PROGRESS IN CITY PLANNING LEGISLATION

Along with this Report it is encouraging to note the facts presented in a companion Report issued about the same time from the same source, setting forth the developments in city planning legislation during the year 1930. This Report points out that at the end of that year 31 states, the District of Columbia and the Territory of Hawaii had laws in force authorizing planning in cities, towns, boroughs, counties or regions. During the year the states of Kentucky and New Jersey passed revised City Planning Enabling Acts, and the state of Virginia a Regional Planning Act—all of which were based upon the Standard City Planning Enabling Act of the Department of Commerce.

The Report in question discusses in detail these new enactments and also discusses the subjects of parks, parkways and recreation, airports, excess condemnation, architectural control of buildings, and other related aspects of city planning.

Persons interested in the details of this matter may obtain a multi-graphed report of 42 pages, compiled by Lester G. Chase, and entitled "A Tabulation of City Planning Commissions in the United States," as well as a "Survey of City Planning and Related Laws in 1930", upon application to the Division of Building and Housing of the U. S. Department of Commerce at Washington.

ZONING IN THE U. S.

At the close of 1930, according to a Report issued a few months ago by the Division of Building and Housing of the U. S. Department of Commerce, zoning ordinances were in effect in nearly 1,000 (981) municipalities throughout the United States. To put it in another way, 46,000,000 people or over 67% of the urban population of the entire country, are today enjoying the benefits of this method of control and protection of property and of homes. During the year 1930, 77 municipalities adopted such ordinances for the first time.

The 981 zoned municipalities are located in 45 different states and the District of Columbia, and are representative of all sizes of com-

munities. They include 82 of the 93 cities having more than 100,000 population in each; 417 cities and towns having from 10,000 to 100,000 population; 418 cities, towns and villages ranging from 1,000 to 10,000 in population; and 44 municipalities having less than 1,000 each.

One of the significant developments of the year, which holds great possibilities for improved enjoyment of out-door life and the preservation of the country-side, is the enactment of zoning ordinances by townships in several states, marking as it does the adaptation of zoning to the control of land uses in larger areas and in more or less open developments.

Those interested in the zoning movement will find it advantageous to secure from the Division of Building and Housing of the U. S. Department of Commerce at Washington, two Reports, issued under date of May, 1931, and respectively entitled, "Survey of Zoning Laws and Ordinances Adopted During 1930", and "Zoned Municipalities in the United States", both compiled by Norman L. Knauss, of that Department.

QUO VADIS?—CITY PLANNING?

It is all very well to feel gratification at the spread of the city planning and zoning movements and to point out that today there are over 980 towns and villages with zoning ordinances, and nearly 800 communities with city plan commissions.

Harland Bartholomew, President of the National Conference on City Planning at the Annual Conference of that body held in Rochester a few months ago, after pointing out the growth of the movement, raises the question to what extent these figures signify an effective control of city growth that is economically and socially sound and esthetically desirable.

On this occasion he pointed out, that there were five essentials to the successful practice of sound city planning, which he enumerated as follows:

- Good plans
- Proper legislation
- Competent administration
- Public understanding
- Financial surveys and work programmes

According to Mr. Bartholomew, no American city as yet possesses these five essentials to the full degree required for the well-organized control of city growth. And few cities even approach the desired degree of coordination of these essentials without which completeness can never be achieved.

To Mr. Bartholomew, it seems that too much of our city planning is based upon a general insistence that there be no limit placed upon city growth. He points out that good technical plans are impossible to prepare under such conditions—if there is no definite “scale” of things, as Frederick Law Olmsted has repeatedly emphasized. Nor does he think that effective city planning work can be done upon a day-to-day or year-to-year basis. It is this kind of work that has led to many of our present difficulties.

Zoning, he holds, has over-emphasized the protection of certain better-type residential districts and either ignored or seldom effectively controlled the distribution of population in accordance with reasonable standards. He points out that in apartment house areas in most communities we permit 10 times the density of population permitted in one-and two-family districts, or even ignore the density regulation altogether—and this notwithstanding the fact that such regulation is the only scientific basis for planning sewers, water, schools, and other public utilities.

Mr. Bartholomew finds that most zoning plans are out of scale, having erred usually on the side of providing for unlimited growth of apartment houses and business—often far beyond any reasonable or possible degree of growth.

After pointing out the failure of most city plans to deal with the rehabilitation of blighted areas, Mr. Bartholomew urged the enactment of laws that would permit assessment for benefit and bring about more expeditious and equitable methods of acquiring property for public use.

While deprecating generalizations, Mr. Bartholomew ventures the opinion that it is doubtful whether city planning is much more than 5% effective in the larger cities, nor more than 25% effective on the whole in the smaller cities. The hope of the future, to his mind, lies in the smaller cities. He considers effective city planning under present practice more or less hopeless in the larger ones, but expresses the view that it can be made 75% to 90% effective in communities of lesser size.

In these communities, he holds, lies the hope of America. Life can be made more pleasant, more enjoyable, more economical. But before this can be done, a realization must be had that effective city planning is an integration of the five essentials already referred to, viz., good plans, proper legislation, capable administration and thorough public understanding based upon sound financial programmes.

IS ZONING ANY USE?

It is all very well to congratulate ourselves upon the growth of the zoning movement and to report the fact that today, after a comparatively short period of time, nearly 1,000 communities throughout the country have adopted zoning ordinances, and that nearly every one of the states of the Union has zoning laws, but the question arises to the critical mind "What of it?" What has zoning done for these 1,000 communities—or is likely to do for them? Is it merely "paper" zoning?

In an attempt to answer this question, the Planning Foundation of America, about a year ago, made what may be called, some "test borings" in about 20 cities of varying population in the 10 states that have had the longest zoning history, and in which the legality of zoning has been definitely established by decisions of their highest courts.

The results of this inquiry they have set forth somewhat as follows:

The great weight of opinion is that zoning is essential to proper city development; that from the start it has had popular support and that this support is increasing; that it has had much influence in stabilizing real estate values; that it has saved many residential sections from undesirable invasions; and that it is on the whole successfully administered.

Milwaukee's zoning ordinance, passed in 1920, it is reported

has had the wholehearted support of the press, civic organizations, and the citizens in general from the very beginning. The local real estate board has been very active in supporting the ordinance, and its administration has been extremely successful, due principally to the splendid cooperation existing between the building inspector, planning commission and the board of appeals. The establishment of the various Use, Height and Area districts has been a great assistance to the sewer and water departments in planning their improvements.

Akron's ordinance dates from 1922. The people there say:

If we had had no zoning ordinance in Akron for the past 8 years the invasion of certain districts by injurious uses would have resulted in the depreciation of property values to a very great extent, and at the same time have caused great social losses. Through its building-line map the zoning ordinance has had an economic result in requiring buildings to set back from the street line, not only in residence districts but also on practically all of our thoroughfares outside of the downtown business district. This will mean a saving of millions of dollars when thoroughfares are widened.

Several cities testified that in their several years of zoning experience there have been very few appeals to the zoning board and no cases appealed from the zoning board's findings to the court.

Cincinnati's record is striking in this particular.

The zoning ordinance has been in effect for about 5 and a half years during which period the Department of Buildings has received about 45,000 applications for permits, all of which were subject to the provisions of the zoning ordinance. Ninety-seven (97) % of these applications were disposed of without appeal to the zoning board. More than 2% received permits after hearings by the zoning board. Less than 1% of the applicants were unable to secure permits. The zoning board has disposed of 1,350 cases by unanimous decisions, with one exception, and in only one instance have court proceedings been instituted.

In Springfield, Mass., the changes in the zoning ordinance that have increased the restrictions affect about 148,000,000 square feet of property and the changes that decrease the restrictions affect only 13,000,000 square feet of property. An area of about 138,000,000 square feet was changed from Residence B (two-families per lot) to Residence A (single family houses). Springfield has no zoning board but the planning board investigates and reports on all petitions for zoning changes. Since 1923 it has passed upon 635 petitions and in all but 5 cases the city council has voted affirmatively on the planning board's recommendations.

In Akron during the year 1929, 56 petitions to change the zoning map, and 5 petitions to change building lines were filed with the city council. The council took no action on any of these petitions until they had been considered and a report made by the planning commission. The planning commission approved 15 map changes and 2 building line changes. The council overruled the planning commission in only 2 cases and made 17 changes in the zoning map and 2 in the building line map.

There was some opinion and evidence against zoning in practice.

In Seattle there is no zoning board and no master plan. City planning has been carried on with little regard to its coordination with zoning, and zoning has been carried on without regard to any plan. Zoning administration consequently is in a deplorable condition. Many property owners who believe that they have been damaged by amendments to the zoning ordinance are antagonistic to zoning. It has almost come to the point where changes are based on majority consent, in violation of one of the essential principles of zoning which has been well established by Supreme Court decisions.

The Pittsburgh City Council passed in 1930 36 ordinances amending the zoning map and 1 ordinance amending the text. Of this number 10 ordinances for map changes and the ordinance for the text change

were passed over the disapproval of the planning commission. These amendments, all of which lessen the zoning restrictions, cover an area of 59 $\frac{1}{4}$ acres.

Pittsburgh *Progress* says of the changes: "If 60 acres of city area are reduced in classification each year, it is only a question of time until the intended protection of the zoning regulations will have been unduly reduced in potency or eventually nullified. * * * Nothing permanently adequate can be planned or constructed in the way of major street systems, transit, or distribution schemes or recreation areas so long as the non-public land retains the function of changing use. * * * Residential property values in Pittsburgh as of the last assessment aggregate approximately \$449,000,000 or 38 $\frac{1}{2}$ % of the total assessed valuation. These are the values which are jeopardized by careless and ruthless reduction of the protective regulations."

What of New York City which has one of the oldest zoning ordinances in the United States, dating from 1917?

Without defense of New York's zoning, we may agree that the alleged scandals in zoning administration are possible because New York City "has not yet been welded into a community with a civic consciousness." It is so much a place by itself that it proves nothing to the other cities in the United States either for or against zoning.

Although the study is too limited and the data too meager to justify conclusions, it is probable that zoning is generally accepted in the 900 or more cities where it is practiced. The very low percentage of appeals from building inspectors' rulings and consequently the comparatively few cases which have come to the zoning board are strong evidence of this.

The data also appears to warrant certain recommendations to insure greater success in zoning administration.

Since zoning is essentially a part of city planning, a city plan—either officially adopted or at least thoroughly known and supported by the city administration—is a great contribution to successful zoning administration.

The planning agency which is responsible for the city plan should be represented on the zoning board or at least, represented at all zoning hearings. It is essential that the viewpoint of the planning commission be expressed.

The function of interpreting the zoning ordinance and of granting variances should be vested in an appointed zoning board. The city council, which is primarily a legislative agency, should be relieved of this quasi-judicial function.

All petitions for changes in the zoning map and all changes in the text of the ordinance should be made by the legislative body, whether city council or city commission, but in every instance such petitions and such changes should first be referred to the planning commission

or to the zoning board for study and report. City councils should not overrule these recommendations except by a two-thirds or four-fifths vote.

This study would have been more convincing and had more value, if the projectors of it had indicated the sources of their information. To ask a zoning board for an expression of opinion on the value of zoning, does not mean very much. It is apt to look upon its work and find it good. Just what method was employed is not disclosed. However, the inquiry was well worth while on whatever basis it was made, and would seem to show that zoning has proved of value to the country as a whole.

We hope that the Planning Foundation will now make a similar study, bringing out the defects of zoning as they have been encountered in a similar number of cities.

By so doing they will render even a greater service than they have by the study in question.

CITY PLANNING AND ZONING COME OF AGE

If anyone thinks that the city planning and zoning movements have not made great progress in the short space of 22 years since these movements were inaugurated, he will find it enlightening to read the concise and informative review of the major developments in the United States in these two fields since they were established 21 years ago.

Progress in city planning is thus reviewed by Professor Henry V. Hubbard—one of the country's leading city planners and occupant of the Chair of City Planning at Harvard University—and Zoning by Edward M. Bassett, one of the country's leading zoning experts. Both of these presentations were prepared upon the occasion of the 21st anniversary of the magazine, *The American City*—a journal that has been a most potent factor in spreading the gospel of these two Causes.

ZONING IN THE MAKING

In Cincinnati two committees working independently of each other—the City Planning Commission and a committee of architects—have prepared drafts of a revised zoning ordinance to submit to City Council. The architects' recommendations were sent to Council and referred by them to the City Planning Commission for consideration, who appointed a sub-committee to study them. The following differences of opinion have developed:

ZONING BOARD OF APPEALS SET-UP.

a. The City Planning Commission committee recommends that the Zoning Board of Appeals be an independent body with quasi-judicial authority having jurisdiction over its own employees.

The Architect's Committee believes the Zoning Board of Appeals should be an adjunct of the Building Commissioner's office with employees under his immediate control.

b. The City Planning Commission in opposition to the architect's committee thinks that the Building Commissioner should not be a member of the Board because he is in the position of reviewing his own acts. Under the present set-up the Building Commissioner is a member of the Board.

JURISDICTION OF ZONING BOARD OF APPEALS.

a. The architects wish to remove from the authority of the Zoning Board the power to pass upon the fact whether an accessory use involving obnoxious fumes, gas, smoke, dust, odor, noise or vibration is incidental to an accessory or a conforming principal use and placing such authority in the building division.

The City Planning committee believes that such uses should be permitted only after a hearing before the Zoning Board, deliberation being desirable. Also when such uses arise in an otherwise business district as contrasted with an industrial district, the element of time and due consideration are important and can be obtained by requiring a review by the Zoning Board.

b. The architects consider that the authority of the Zoning Board to regulate abattoirs and slaughter houses is a delegation of legislative power by City Council to the Zoning Board in regard to Industrial C district regulations.

The Zoning Board favors no change in the present procedure.

CONTENT OF ORDINANCE.

The Zoning Board thinks that the method of administration and penalties should be contained in the zoning ordinance unless the zoning regulations and building code are published under a single cover.

The architects think the zoning ordinance should not contain the two articles.

CONFLICT REGARDING PROVISIONS FOR SETBACKS.

The architects believe that the average setback prevailing on streets may be allowed.

The planners recommend that a group of minimum standards for building in any given district should be rigidly adhered to and no discretion given to the Building Department to base a setback on any given single adjacent yard.

DISTRICT BOUNDARIES.

The architects wish to establish district boundaries as being 120 feet from or parallel to the nearest street line in certain cases.

The City Planners have prepared an adequate map to accompany the text which shows all zone district boundary lines as coinciding with lot lines.

ETHEL F. IDESON
Better Housing League, Cincinnati

ENGLAND'S PROPOSED NEW TOWN PLANNING LAW

After twenty-one years'* experience under Town Planning Acts in England, it had become evident that certain initial limitations were no longer necessary and that some extension of powers was desirable. Accordingly, this year the Government introduced a Town & Country Planning Bill.

The Bill passed its first and second reading in the Commons and was referred to a Standing Committee. This Committee spent 21 sittings in considering the Bill, with the result that it was not ready for ratification by Parliament before the beginning of the summer recess.

The Bill does not take the form of amendments to existing Acts, but amplifies and amends those Acts in one new comprehensive measure which will stand by itself. The prolonged discussions in Committee did not alter the main principles of the Bill but were more concerned in rectifying details.

As the Bill emerged from Committee, the principle changes it proposes to make in the law may be stated as follows:—

APPLIES TO ALL LAND

Under previous Acts, town planning schemes were limited in the main to "land which is in course of development or appears likely to be used for building purposes." The Bill extends the scope of planning schemes to any land, whether built upon or not, and enlarges the objects to include the protection of existing amenities and preservation of existing buildings or other objects of architectural, historic, artistic or natural interest or beauty.

Regional Planning has greatly extended as applied to the major outlines without interfering with local details, but there has been no provision for regional as well as local application within the same area. The Bill gets over this difficulty by enabling a supplementary scheme to be made for an area comprised in a regional scheme.

* The first Town Planning Act for England and Wales (with special provisions for Scotland) was passed by Parliament in 1909. In 1919, additional powers were conferred by an amending act, which made regional planning possible and made town planning obligatory for urban authorities with populations exceeding 20,000. Various other amendments were made from time to time and in 1925 all were consolidated in the Town Planning Act of 1925.

CONTROLS BUILDINGS

The Bill defines more clearly the provisions which may be inserted in a scheme with respect to buildings and building operations and includes an important new provision enabling the prohibition or regulation of such operations as well as provisions for the purpose of preventing uneconomical and unsightly sporadic or ribbon development.

It defines in greater detail the powers of authorities to enforce and carry schemes into effect and meets the situation that will be caused by the extensive inclusion of built-upon lands, by providing for appeal to a court of summary jurisdiction where existing buildings are affected.

PRESERVING THE COUNTRYSIDE

Under the Bill it is possible to preserve the countryside by keeping free from building operations land that it is desirable to retain in its rural state, or where essential public services could only be provided by excessive expenditure of public money.

Land reserved from building must be reviewed every three years by the authorities and the development of such land can be allowed at any time according to a general development order made by the authorities, or in default (on appeal) by the Minister. In considering applications to build on such land the authorities must take into account any injury likely to be caused to the applicant as well as any public advantage likely to result from the maintenance of the prohibition or restriction. Before refusing an application to build, the authorities must also be satisfied that other land suitable for building is available on reasonable terms and either that the operations would involve danger or injury to health by reason of lack of roads, sewers, water supply or other public services and that the provision of the necessary services would be premature, or likely to involve excessive expenditure of public money; or that the operations would be likely to injure the amenity of the locality. Appeal to the Minister of Health is provided for.

Previous provisions with respect to compensation and betterment are largely reenacted but more definitely; for example, what was understood to be covered by "character" in former acts is defined, viz.: "size, height, design, materials, and use". Also, in view of the extension of planning powers to built-upon lands, rights in existing buildings are safeguarded. Underground mining rights are also protected.

NEW POWERS

Subject to these safeguards, if approved by the Minister—who must take into account the question of private hardship—are the following notable additions to matters not subject to compensation:

(a) Reasonable prohibition or restriction of building operations. The proposed method is in substitution for the barter of conflicting claims for compensation and betterment, which experience has shown makes the preservation of the countryside practically an impossibility.

(b) Reasonable control of the number and situation of side roads—a control necessary in the interests of the safety and efficiency of traffic on main highways.

(c) Establishment of building lines on unbuilt-upon land.

(d) It is now proposed that betterment assessments should be recoverable up to 75%. Previously the authorities had to pay the whole cost of detriment to values but could only recover half of the betterment. On the other hand, so long as land remains agricultural, or is used for amateur sport or recreation, betterment—due to the fact that the potential building value of certain land is increased by prohibition or restriction of building on other land—cannot be recovered in respect to it.

The previous acts empowered a responsible authority to purchase any land for the purpose of a scheme, save those lands that were specifically exempt. The new Bill defines some of such purposes—such as, to consolidate small ownerships of inconvenient size or shape, or to secure satisfactory development of frontages—but gives a right of appeal to the High Court for the purpose of testing the validity of a compulsory purchase order confirmed by the Minister.

One section enables County Councils to give financial assistance to District Councils in connection with the preparation of Schemes.

PUBLIC LANDS NOW UNDER A SCHEME

By the general law Crown lands or lands belonging to or controlled by government departments are exempt from the operation of planning schemes. The new Bill enables public departments, subject to the approval of the Treasury, to enter into agreements for securing that land under their control or vested in them shall be laid out and used in conformity with the general objects of the scheme. This should go a long way to obviate the disadvantage of gaps in comprehensive schemes caused by the location of lands under the control of or belonging to government departments.

ASSESSMENT FOR BENEFIT

Public Improvements such as parks and roads often confer special benefits on particular property and the Bill enables a local authority to recover from the owners of such property up to 75% of the increase in value so conferred—a method of equitable recoupment in vogue in the United States. Appeal is provided to the official arbitrator, who may order that payment shall be spread over 30 years with interest at 4½%.

MINISTER'S POWERS CURTAILED

The Minister of Health is now required to lay proposed Regulations as to Procedure before each House of Parliament. And his powers are further curtailed by the provision that any person aggrieved by a scheme or a compulsory purchase order may question its validity by application to the High Court.

AN EXPERT ANALYSIS OF THE HOUSING MARKET

PHILADELPHIA REPORT ILLUMINATING*

Full of meaty facts, the 1930 Report of the Philadelphia Housing Association contains food for thought for housing specialists, builders and home financing agencies. The light thrown upon the present situation in home building makes Bernard J. Newman's statement perhaps the most valuable of his excellent series of year-by-year reports.

For one thing the evidence presented shows that business men engaged in promoting home building would have done well to have heeded repeated warnings from housing experts to slow up on the building of high-cost houses and bend their efforts toward getting down to the vast potential field of the lower economic groups.

They will do well now to heed that warning.

Mr. Newman argues that the striking decrease in home building—more marked in Philadelphia and in most parts of the country than for years past—is due to a false assumption that we now have an oversupply and that new homes even at low cost would find no buyers. He points out numerous data carefully assembled by his Association that bear out his contention. In spite of the depression, 75% of the workers are employed and constitute a considerable body of potential buyers. Never before have savings accumulated in banks been so large.

* *Housing in Philadelphia*, by Bernard J. Newman, 1600 Walnut St., Philadelphia; 43 pp., price 25 cents.

Strange as it may seem, 60% of the new construction under permit in 1930 in his city was occupied before the end of the year—a better record than for any other year in the decade. The rate of absorption by 1930 of new houses built in 1927, 1928 and 1929 was over 92%, as compared with a rate of 74% shown by a 1927 survey of occupancy in houses built in 1924, 1925 and 1926. This is particularly striking since the latter period was one of unusual prosperity when it was assumed that it was the best possible time to find a ready market. Mr. Newman denies the probability that the high rate of 1930 absorption was due to the small number of houses built, arguing that it was a continuation of the absorption trend already in evidence. It is pointed out also that the average sales price in 1930 increased \$200 over 1929.

Nor does he accept the possibility that the new houses were occupied at the expense of the old, since facts given in his survey show less than 4% of vacancies in some 81,000 houses studied. One fact that might open this conclusion to debate, however, is his chart of vacancies from 1912 to 1930 which shows an increasing vacancy rate since 1921, reaching its highest point in 1930. Interesting and encouraging is the fact that, as compared with previous years, a high percentage of the worst houses were vacant.

There has been no such general and precipitate fall in rents as would have resulted were there a surplus in housing. Rents decreased in 1930 in line with the trend since 1927 but not to an extent to show a great upheaval in the real estate market. A factor that kept rents on the decline in 1930 was the inability of the poor to meet the rent bill. Also undoubtedly the decline in building prices was and will continue to influence rents substantially.

A further fact adduced to show that the market is not being over-built is that the net gain in 1930 was 1173 family accommodations against an average yearly gain of 3000 families in Philadelphia's population in the same year.

BUILDING FOR THE WRONG MARKET

A different thought is given as to the cause of the unprecedented increase in sheriff's sales. Ordinarily this has been ascribed to over-building. If this were so, Mr. Newman asks for an explanation of the fact that the striking increase in sheriff's sales began in 1926 and asks why during the past 5 years more writs were issued than during the preceding 26 years. His conclusion is that builders and building financiers have been at fault in not promoting lower cost construction within the means of buyers. Too few houses were available within the means of the low-paid wage earners and too many at high cost. An excessive

margin of profit, now declining, did not help matters. The result was that people had to pay more for their housing than they could afford and therefore all too often have found their way into the sheriff's hands. Building financiers could have changed this situation if they had been wise enough to study the facts instead of following the easiest course.

A chart of construction costs and sales prices from 1923 to 1930 indicates that the relationship between costs and prices is not consistent but varies according to what the traffic will bear. The usually accepted statement that high wages are the cause of high building costs is challenged on the basis of the facts produced to show that costs have come down 20% with no corresponding drop in the wage scale.

Mr. Newman's appeal is for more study by those engaged in building and home financing in order that they may know the needs of the market, regulate production accordingly and meet the buying power of prospective home owners and tenants. It might be added that business and industry generally must, in the future, follow this policy of studying their markets more intelligently, or take the consequences of constant business upheavals which may result disastrously to the social order before many years go by. He believes that more homes of low cost are needed now and should be built.

SIGNIFICANT TRENDS

Other points of especial interest in this informative pamphlet are evidence of a trend toward better design and sounder construction; the fact that 70% of the new houses were priced below \$7,000; that most of the houses found vacant are of 4 and 5 rooms—showing that too many rooms is not a major cause of vacancies; that the average rental of vacant accommodations is less than \$7 per room; that there is no uniformity in assessments, when compared with income from residential properties; that rents have decreased most in the higher priced houses and least in the low rental group.

The chapter of the Report dealing with the work of the Association in improving bad conditions gives the encouraging news that better cooperation is being received from city departments than in previous years.

The tendency of builders, financial institutions and social agencies to seek more and more the advice and factual data offered by the Philadelphia Housing Association speaks well for the efficiency of that organization.

BLEECKER MARQUETTE
Cincinnati

STATE HOUSING BOARD PROPOSED FOR PENNSYLVANIA

Very little legislation affecting housing was enacted by the last Pennsylvania General Assembly.

One measure, however, sought to create a State Housing Board for Pennsylvania, similar to that of New York with the exception that the tax exemption provisions in the New York law were omitted. Both branches of the Assembly approved the bill, but the Governor vetoed it on the ground that its form did not meet the requirements of the state constitution, in that its title was not all-inclusive of the subjects treated in the bill and that it incorporated two distinct types of legislation. The Governor expressed deep regret that these technical difficulties prevented him from giving it his approval.

Other bills that sought to interfere with granting second mortgage money by building and loan associations were wisely defeated. Several attempts to include bills to improve the technique of assessing properties for tax purposes were unwisely defeated through the interference of the tax officials of Philadelphia who did not wish to give publicity to their assessment methods.

Two amendments to building and loan law were passed—one authorizing the State Banking Department to make public certain building and loan records, and the other making it permissible for borrowers to have dues on stock payments credited on the principal of loans.

A plumbing bill was approved by which authority is granted to cities of the first class to raise plumbers' license fees with the understanding that extra funds received would be used to increase the number of plumbing inspectors. Although the bill passed, the agitation for economy in the cost of government in Philadelphia will probably result in the municipal government's taking advantage of the extra funds and not providing for the improved service.

BERNARD J. NEWMAN
Philadelphia

SLUM CLEARANCE IN PHILADELPHIA

Repercussions of an agitation started several years ago to end court and alley living in Philadelphia were heard in a recent Report addressed to the Mayor by Chief Neeson of the City's Bureau of Engineering and Surveys.

It will be remembered that Philadelphia's mayor was challenged as to the accuracy of his roseate description of living conditions, with the result that he was literally forced to create an official committee to investigate housing as it affected child life. This committee, in turn,

accepting the Housing Association's recommendations, advised a comprehensive survey of the blighted areas in order that rehabilitation and slum removal might be effected.

With the assistance of the Housing Association, the Bureau of Engineering and Surveys undertook a comprehensive study. This included a careful analysis of existing street, alley and court layouts; a definition of the slum areas and housing conditions; and the location of recreational facilities. They found that in an area $1\frac{1}{3}$ miles wide and 2 miles long there are 121 dead-end streets; 114 streets which are 20 feet wide; 159, 10 to 20 feet wide; 13, less than 10 feet wide; and 150 inner courts of various widths. More than 115,000 persons are housed in 18,202 congested dwellings.

The Bureau recognized the importance of preserving existing uses, particularly those of a commercial character that contribute to the city's economic and productive well-being, and made a complete analysis of these features.

Stressing the importance of effecting housing improvements through private enterprise rather than through subsidy or municipal housing projects, the report points out that land values are so high that 1-family dwellings cannot be provided at low cost. Plans for rehabilitation of one typical block were submitted and while there was considerable variation in the amount of land coverage, the apartment type of structure was featured in all of them.

In this block at the present time, to quote the Report, "149 buildings are used for housing purposes—20 are tenements, 9 are 2-family houses, and 120 are 1-family or rooming houses. There are 4 buildings used for commercial purposes in the block, which has at present, a total population of 548; the total assessed valuation is \$327,100, or \$2.90 per square foot".

The three schemes of suggested rehousing known as, "A," "B," and "C," each provide for a population at least equal to that now housed in the block.

Scheme "A" provides for 40 2-story apartments for 80 families, and 4 four-story apartments for 32 families, on the four corners, housing 560 persons. In this plan the coverage of land by buildings amounts to 35%, the balance being devoted to open spaces and recreational facilities, none of which exist at present.

Scheme "B" provides another treatment by converting the present buildings into 48 3-story flats, all facing on an interior court, and housing 720 persons, with the coverage of land by buildings amounting to 43%. This gives to the block in question the same facilities for breathing spaces and recreation, but more secluded than Scheme "A".

The third proposal provides for 12 apartments, 3-stories high, housing 600 persons, with a coverage of land by buildings only 28%. This represents a treatment that would give to the block the maximum area to be converted into parks, playgrounds and other open spaces."

The gain to date is that the municipality is thinking in terms of slum clearance and, as has been continually advocated by the Philadelphia Housing Association, is proceeding in a scientific manner. It should be noted that the press has applauded the methods used. To quote the Public Ledger editorial, "The Neeson report is valuable as laying the foundation for the more detailed programme to be drafted on the basis of the data already assembled."

BERNARD J. NEWMAN
Philadelphia

HOUSING IN PENNSYLVANIA

With a fund of over \$600,000 raised by voluntary subscriptions to foster regional planning in the metropolitan area extending from Trenton to Wilmington with Philadelphia as the center, Pennsylvania demonstrates her intention to move forward. "More than four hundred municipalities are interested in the project," says Benjamin Ritter in the 1929-1930 report of the Pennsylvania Housing & Town Planning Association.

State enabling acts for planning in local communities, a complete list of zoned towns and cities in Pennsylvania, a table of dwelling construction over a 10-year period in cities of the state, rental trends, water and sewer projects are some of the data presented in the pamphlet.

The Association has recommended to the Governor that he re-establish the State Bureau of Housing and develop a staff of inspectors to supervise housing in the smaller towns. Lancaster, York, Scranton and Harrisburg are displaying renewed interest in their problems.

If Mr. Ritter's analysis is correct there is little over-supply of dwellings in the state and if the low level of construction continues for another year or two, a shortage may result. In times of depression, such a prospect is encouraging, despite the fear expressed in the Report as to the housing evils that might result from a shortage.

BLEECKER MARQUETTE
Cincinnati

TENANTS VALUE WELL KEPT HOUSES

The Housing Bureau in Cincinnati rates as "A-1 houses" all houses that have been repaired satisfactorily according to orders issued

against them by the department. The Better Housing League recently selected a list of all such "A-1 houses" occupied by colored families in 3 wards located in the West End, which is the most congested tenement section of the city. The list was taken from the houses repaired during the past 18 months and numbered 70.

A careful inspection was made of these houses and it was found that in only 2 or 3 instances had the houses deteriorated. More striking still was the fact that the houses, except in three cases, were occupied by clean and responsible families, bearing out the claim made by the Better Housing League in appealing to owners to repair their houses, that it is a paying proposition, because it attracts a better class of tenants.

ETHEL F. IDESON
Acting Executive Secretary
Better Housing League, Cincinnati

"THE PHILADELPHIA PLAN OF HOME FINANCING"*

This book by William N. Loucks, Assistant Professor of Economics of the University of Pennsylvania, is "a study of the second mortgage lending of Philadelphia building and loan associations." According to the professor, this "plan of financing is confined practically entirely to Philadelphia," although Baltimore practices it to a slight extent, and 11 other states legalize second mortgage loans by building and loan associations. "However, in practically all these eleven states, except Pennsylvania, state building and loan officials discourage or prohibit second mortgage loans by associations and the practice therefore is not carried on." Twenty (20) states and the District of Columbia actually limit building and loan investments to first mortgages.

The significant feature of the Philadelphia Plan which "distinguishes it from ordinary building and loan financing is that it includes a second mortgage loan by an association after some other financing organization has granted a first mortgage loan." As it works out in practice in Philadelphia, those associations granting second mortgages, amounting to 86% of the associations studied, provide a way for amortizing about 30% of the total value of the property mortgaged. The usual practice is for the first mortgage, whether held by a trust company or by the association itself, to cover 50% of the value of the property. Thus, the buyer's equity amounts to 20%. There are exceptions where the seller takes a note equivalent to a third mortgage

* *The Philadelphia Plan of Home Financing by W. N. Loucks, Price \$1.50. Institute for Research in Land Economics, 337 East Chicago Ave., Chicago.*

and the buyer makes a smaller down payment, though such practice is usually discouraged. Occasionally, the buyer's equity even exceeds this 20%.

The method of amortizing the second mortgage becomes the important point in the Plan. The buyer becomes a shareholder in the association and obligates himself, as does the free shareholder, to pay \$1 per month per share toward the purchase of his shares, which shares at maturity have a value of \$200 each. Such monthly payments for shares do not reduce the mortgage but they do establish a collateral equity which cancels the mortgage loan at maturity of the shares. Until such time, the loan stands at its face value and carries an annual interest of 6% for the full amount borrowed. Theoretically, borrowers bid for their loans. Actually, most associations have a fixed premium rate per share, which is paid with the interest each month. In some instances, this premium rate is as low as 10 cents a share, but the average is 25 cents. A share matures in from 10½ to 11½ years, depending upon the earnings of the association.

It is a common practice for the Philadelphia associations to charge an entrance fee. In 99% of the cases studied, this fee did not exceed 25 cents per share and is paid when members join the association, irrespective of whether they become free shareholders or borrowers. Thus, a home buyer who wishes to borrow \$1000 on a second mortgage must subscribe for 5 shares. His monthly payments total \$1 toward the purchase of each share, \$1 per share for interest on his loan, plus the premium, which in the majority of cases is 25 cents per share, or a total monthly payment of \$11.25. There are other charges that attend the granting of a second mortgage such as an appraisal fee, title insurance, recording fees, sheriff sale certificate, and commission, which Professor Loucks says raise the actual cost of the borrowed money beyond the legal interest rate of 6%. He shows in his computation tables that a \$1000 loan under the Philadelphia Plan actually costs 9.4% under favorable conditions and *under the most unfavorable conditions* 12.8%.

Exception will be taken to Professor Loucks' computations since he incorporates charges which are inherent in placing mortgage loans whether through a trust company, private lender, or a building and loan association. He calls attention to this in a footnote where, under different calculations, the minimum cost is placed at 8.9% and the maximum at 10.7%. Some exponents of the Philadelphia Plan insist upon an even less inclusive list of charges in the computation, which would tend to reduce these minimum rates still further.

Professor Loucks states that the "charges" under the Plan decrease as the size of the loan increases, since the recording fees, the sheriff sales' certificate and the appraisal fee remain the same irrespective of the size of the loan, while the title insurance on the second and succeeding thousands borrowed is only one-seventh that of the first thousand. Thus "the larger the loan, the lower the rate would become."

Answering the question as to whether this cost of second mortgage money in Philadelphia is excessive, the author points out that it is loaned on a competitive basis; that few second mortgage lenders can be found; and that practically all of this business is done through the building and loan associations. This elimination of second mortgage lenders is in itself an indication of the more reasonable cost of association loans, and the very successful experience of the associations shows that the element of risk which is present is not excessive. Furthermore, this rate is shown to be very reasonable when it is contrasted with practices in other American cities where second mortgage loans are frequently subject to discount practices. Under the discount system, the borrower does not receive the face value of his loan but pays interest on the full amount, for example, making a loan of \$1000, which is discounted at 10%, bear an interest rate of 17.8%. Other examples which are cited of prevalent practices in many cities, furnish abundant evidence of high rates for second mortgage money. After comparing the rates all over the United States, Professor Loucks concludes, "The evidence seems to show that the minimum rates quoted elsewhere approximately equal the rates resulting from the calculations on which the Philadelphia purchaser was assumed to be borrowing under unfavorable circumstances. In other words, the *maximum* cost experienced by any important group of borrowers in Philadelphia is the *minimum* cost experienced by any important group of borrowers elsewhere."

That there are certain weaknesses in the Plan is recognized by the author. Some develop during fluctuations in the real estate market and changes in general economic conditions, and others develop from faulty practices in the management of building and loan associations. All three of these weaknesses have been manifest in Philadelphia since this brochure was published. They have not been so pronounced, however, as to warrant a belief that the Philadelphia Plan is unsound. The State Banking Department has attacked unsound practices within organizations, has forced weak associations to merge with stronger associations for the protection of their shareholders, and has curtailed the creation of new associations unless the areas to be served are inade-

quately provided for by existing organizations. The trust companies have also curtailed the too rapid expansion of the associations by limiting their borrowing capacity. The fluctuating values in the real estate market have increased the problems of those associations which are investing solely in second mortgages, but it should be remembered that the present situation is more acute than any which has arisen during the past 50 years and is the direct consequence of the high construction costs and high sales prices during the housing shortage. Fortunately, these conditions are now being rectified by a marked reduction in construction costs, sales prices and the number of houses being built.

In his analysis of the weaknesses of the Plan, Professor Loucks would have profited had he extended his studies further and utilized the comprehensive information available in the files of the Philadelphia Housing Association, for in computing the increase in dwelling construction he has failed to consider certain basic data, namely, the increased family accommodations provided by apartment construction, the annual dwelling losses due to demolition as well as to the conversion of dwellings into non-residential use, and the obsolescence of other buildings due to deterioration.

Nor has he evaluated the native shrewdness of directors of building and loan associations which has caused them to refuse loans on old houses which are inadequately equipped to compete with new dwelling construction. Professor Loucks did note the dangers besetting the Plan in the drop in sales prices of dwellings during the decline from peak prices. This has been the most serious hurdle the Plan has had to take. Unfortunately, its effect has been more pronounced because of the slackness of the Banking Department and the over-reaching attitude of real estate brokers in forcing home buyers to buy beyond their means. These hurdles have been a severe test but it now appears that the Philadelphia Plan has met its worst trial.

The Plan is basically sound. Its methods are adaptable to other cities where home ownership is challenged by usurious second mortgage costs. The fact that the building and loan association of which the undersigned is President, and which was organized to specialize in second mortgage loans to small home buyers in strict adherence to the best practices of the Plan, has established itself during the most trying period in the Philadelphia real estate market, without losses and with earnings of 7½%, is, in itself, proof of the soundness and serviceability of the Plan.

There is still one further hurdle to take and that arises from the increase in the percentage of family accommodations under construc-

tion in the multiple type of residential building. In less than 10 years, the total number of new family accommodations in apartments has jumped from 9% to approximately 30%. Careful students of the building and loan field anticipate that mergers of associations will take place which may find an outlet for their increased resources in the financing of apartments—thereby effecting economies in mortgage money rates which will permit lower operating costs and, therefore, lower rentals. Professor Loucks predicts that such funds will probably be used to finance buyers in co-operative apartment ownership in the event that apartment living exceeds one-family occupancy.

BERNARD J. NEWMAN
Philadelphia

HOW TO ABOLISH THE SLUMS*

Not only is the title of this book by E. D. Simon a challenge—but the whole book is one. We know of no book on the housing question published in recent years that is so provocative of thought. Its author, formerly Lord Mayor of the City of Manchester, England, was for a number of years Chairman of the Housing Committee of the Corporation of that city, and is at present a member of the House of Commons.

This book of his is a most interesting discussion of the problems that confront England, as well as other countries, in seeking to meet the changed standards of modern life, and to provide houses in accordance with those standards, when the people who are to occupy them do not receive sufficient income to pay for their cost under present-day conditions.

Whether one agrees with Mr. Simon's remedies or not, there can be no doubt about the accuracy of his presentation of the situation or his knowledge of the conditions that exist.

He puts the problem strikingly in his Introduction from which we quote the following:

We have built over a million houses since the war; we are well on the way to solving the housing problem so far as the clerk and the artisan are concerned.

But we have done nothing for the poorer workers. The condition of the slums in which they are forced to live is probably worse to-day than it was at the end of the war. Overcrowding is almost certainly no less; the condition of the houses is quite certainly much worse.

Everybody wants to "abolish the slums". But there is no real agreement as to what this hackneyed phrase really means. Murray's dictionary defines a slum as "a fully-populated neighborhood where

* *How to Abolish the Slums*, E. D. Simon. Longmans, Green and Co., 55 Fifth Avenue, N. Y. 1929. 142 pp. cloth. Price \$1.80.

the houses and conditions of life are of a squalid and wretched character". Some people believe that there are a few black spots of this kind; that all we have to do is to clear them out and build decent houses for the people living in them.

Mr. Simon adds: "We can make the slum problem as large or as small as we like by adopting a suitable definition of the word 'slum'."

And this is what we find that Mr. Simon has done in this book. He has given to the term "slum" a meaning that, speaking accurately, does not belong to it—one which covers the major part of the working-class quarters of not only all the cities of England but of all the world.

What really Mr. Simon is striving to do, is to scrap hundreds of thousands of antiquated dwellings that do not conform to modern standards of what a dwelling should be, and replace them by dwellings that do conform to present-day standards. This is a large and difficult task—even if there were no economic problem involved. The average working man can no more pay for the best accommodations in housing than he can pay for the best quality of food, or clothing, or amusements, or recreation, or transport, or any of the other hundred-and-one things that go to make up human existence.

That Mr. Simon is not discussing the slum as most people know it, and as housing experts are dealing with it, is evidenced by what he says with regard to conditions in Manchester—of which he has intimate first-hand knowledge. Discussing the work in that city he says:

Manchester had at one time 10,000 back-to-back houses. There are now less than 40. Cellar dwellings have been abolished; courts have been demolished and the worst congested areas have been opened up, thus letting light and air have access to the dwellings. Obstructive houses have been pulled down, houses have been "sliced" to allow for larger courts, privy middens have been abolished, and there remain only about 1000 pail-closets. Apart from these, nearly every house has now its own separate back yard, its own separate w. c., and water laid on in the house. The total number of houses dealt with on these lines is estimated at over 27,000 of which 7000 have been demolished and over 3000 added to other houses in the process of turning "back-to-backs" into "throughs".

This is a great achievement. Really bad slums which are still common in other cities do not exist in Manchester. The whole of the houses, however old, have been brought up to a standard which would have been considered quite good some 30 or 40 years ago.

Mr. Simon discusses his problem under two broad heads: A Survey of the Present Position, and A Constructive Policy which he firmly believes in and which he proceeds to outline.

Under the former head he discusses such important questions as Overcrowding, Reconditioning, Can the Worker Pay for a Decent

House? Post-War Achievements—the New Houses, Post-War Failure—the Slums, and The Task Before us.

Under the broad heading of “A Constructive Policy”, the author proceeds to examine the questions of, What More Can be Done by Present Method?, The Principle of Subsidies, Possible Changes in the Rating (taxing) System, The Cheapest Form of Subsidy, and finally his Conclusions.

In addition, the Report contains a number of appendices including The Tudor Walters Report and Post-War Housing Legislation, The Number of Working-Class Houses at Different Rents, Rents of Post-War Houses, The Number of Poor Large Families, The Probable Number of Families in Great Britain at Different Dates, A Scale for Measuring the Poverty Line, and The Proposed Change in the Rating (taxation) System.

Mr. Simon's chief remedies for the difficult situation that he discusses, viz. of building new houses according to modern standards for people of low-earning power lies in tax exemption, or tax reduction for such persons, and in children's allowances. In other words, two subsidies to be granted to people by the local authorities and the State.

Whether one agrees with Mr. Simon's remedies or not, his book is one that all students of the housing question in all countries should become familiar with.